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TEACHING GUIDE

to accompany

THE DEVELOPING WORLD: POVERTY, GROWTH, AND RISING EXPECTATIONS

by James D. Calderwood



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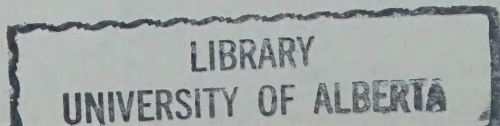
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INTRODUCTION

Perhaps the central international issue for the rest of this century will continue to be the division of the world between rich nations and poor nations and the tensions, problems, and challenges resulting from that division. **The Developing World** deals with that human issue by discussing (1) its nature and importance, (2) its causes, (3) its solutions, (4) its meaning for today's student. The discussion is carried through by applying to this subject matter the basic principles of modern economics (resource allocation, scarcity, choice, supply and demand, growth, etc.). This makes it possible for students to enhance their basic economic understandings while they become better informed about this critical world issue.

The Developing World can be effectively used in many secondary-school courses. These include:

Economics	World Cultures
Comparative Economic Systems	World Studies
Area Studies	World History
International Relations	World Geography
The Third World	Contemporary Problems
Emerging Nations	Social Problems

The text can be the basic tool of instruction for a semester or nine-week course. It can also serve as the backbone of a shorter teaching unit, with the teacher selecting chapters to fit the course structure. In addition, the text can be used as a course supplement to strengthen, deepen, and enrich student understandings of economic concepts and world affairs.

This Teaching Guide has been prepared with these objectives in mind, and the suggestions for *each chapter* include:

- Overview
- Instructional Objectives
- Teaching Strategies
- Answers to Text Questions and Activities
- Chapter Tests with answers

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CHAPTER ONE

A LOOK AT THE WORLD TODAY

CHAPTER OVERVIEW

"A Look at the World Today" divides the world for analytical purposes into three categories—the highly industrialized nations (U.S., Canada, Japan, Australia, New Zealand, South Africa, Rhodesia, Israel, and Western Europe), the centrally planned countries, (U.S.S.R., China, Cuba, North Korea, Vietnam, Cambodia, and Eastern Europe), and the developing countries. One purpose of the chapter is to provide the identifying characteristics of each group. Most space is devoted to the developing countries where basic distinctions are drawn among them, and where the implications of rising expectations and recent political independence are discussed. The chapter ends with a list of the seven basic issues to be investigated by chapters 2-17.

INSTRUCTIONAL OBJECTIVES

(Note: The Instructional Objectives are also stated in the text at the end of each chapter under the heading "Testing Yourself.") Having read Chapter One, students should be able:

1. to identify the important characteristics of
highly industrialized countries
centrally planned countries
developing countries
2. to define:
the revolution of rising expectations
political independence
colony
Western countries
modern technology
3. to state ways in which the developing countries wield influence
4. to state five of the chief issues that will be discussed in this book

TEACHING STRATEGIES

Before beginning *The Developing World* there is a "readiness" 100 consecutive tally marks on the chalkboard thusly . . . / / / / / etc. Ask students to estimate two things: (1) how many of those

stick figures represent the % of the world's population living in the United States ($\frac{1}{2}$); (2) what % of these stick figures represent people around the world living in poverty (75). The purpose of this little stick figure exercise is to provide an immediate perspective on the problems that are addressed by the text, namely that Americans with their high living standard are a small minority and people who live in poverty are a large majority. This may help students to develop a thoughtful frame of mind.

The material in the text is straightforward. At the simplest level, it is entirely possible to proceed directly through Chapter One, pausing at pages 4, 10, and 20 to answer the questions either orally or in writing. It should be noted that the end-of-chapter exercise can be assigned at mid-chapter. The exercise can be done after the subsection "Political Independence."

Depending on the background of your students it would be well to devote some time to map work. You might want to give a short diagnostic test on country location to help you decide how much time to spend. It is one of the main objectives of *The Developing World* that names like Chad, Sri Lanka, Zaire, and Bolivia become more than romantic abstractions. As nations are referred to in the text, it should become the responsibility of students to know where in the world they are. Perhaps a couple of volunteers could keep a master list of countries mentioned in the text and prepare weekly country location quizzes for their classmates. In conjunction with map work, stamp or coin collectors in class might be invited to create exhibits. Extra credit could be given to students bringing in newspaper and magazine clippings with items referring to developing countries. All of this will help build the idea that these places are not just exotic names.

ANSWERS TO TEXT QUESTIONS

Page 4

- Q1 Western industrialized nations share four important characteristics: (1) high standard of living; (2) fast growing economies; (3) democratic governments; (4) mixed economies.

Page 10

- Q1 The main characteristics of centrally planned countries are: (1) government ownership and management of all large businesses; (2) no free elections of public officials; (3) varied living standards.
- Q2 a. Industrialized centrally planned countries are Soviet Union, East Germany, Yugoslavia, Czechoslovakia, Poland, Hungary, Rumania, Bulgaria.
- b. Poor centrally planned countries are China, North Vietnam, South Vietnam, North Korea, Cambodia, Albania.

Page 20

- Q1 Successfully industrializing: Brazil, Mexico, South Korea, Taiwan. Oil producers: Nigeria, Ecuador, Venezuela, Saudi Arabia, Indonesia, Iran. Producers of primary products other than oil: Jamaica, Zaire, Malaysia. Poorest of the poor: Chad, Laos, Haiti.
- Q2
- A transistor radio broadcasts commercials as well as telling listeners about life styles among wealthier classes.
 - Literacy enables people to read about life in the city and/or wealthier nations.
 - Outdoor movies are a window to the way people live around the world. Movies show that life can be easier.
 - A camera permanently captures an affluent scene.
- Q3 Developing countries exert influence on the U.S. through United Nations vote; voice in World Bank, World Health Organization, and other such international agencies; playing U.S. off against U.S.S.R. in Cold War; possession of valuable raw materials.

ANSWERS TO CHAPTER REVIEW

Page 23 Organizing Ideas

Characteristics of Nation Groups

- Highly Industrialized Countries
 - Democratic government
 - Mixed economies
 - High standard of living
- Centrally Planned Countries
 - Low to comfortable standard of living
 - Government ownership of almost all businesses
 - Government makes all important economic decisions
- Developing Countries
 - Rising expectations
 - Recent political independence
 - Widespread poverty

CHAPTER TEST AND ANSWERS

Part One. Matching. Below are ten characteristics of nations. Next to each characteristic write the initials of the group of nations it identifies: HIC = Highly Industrialized Countries; CPC = Centrally Planned Countries; DC = Developing Countries. (10 points)

- [CPC] Government ownership of most businesses
- [DC] Widespread poverty

3. [HIC] Democratic Government
4. [HIC] High standard of living
5. [DC] Recent political independence
6. [CPC] Low to comfortable standard of living
7. [DC] Rapidly rising expectations
8. [CPC] Government makes all important economic decisions
9. [HIC] Mixed economies
10. [CPC] Government officials not freely elected by people

Part Two. Fill in the blanks. Selecting from the terms given below, fill in all the blanks in the paragraph that follows. A term may only be used once. Because there are more terms than blanks, some terms will not be used. (12 points)

oil	rising expectations	Lenin
gold	United Nations	Canada
copper	developing	Japan
bauxite	centrally planned	Kenya
Nigeria	commune	World Bank
colony	Indonesia	Senate

[Rising expectations], or the belief that life can be easier, is a powerful force among the world's [developing] countries. Having recently left the status of [colony], countries like [Nigeria], [Indonesia], and [Kenya] are now exerting an even stronger influence on the United States and other industrialized countries. One way this influence is exerted is through organizations like the

Another is by playing off the industrialized countries of Western Europe against the [centrally planned] countries of Eastern Europe and Asia. Still another means of influence is that developing countries produce many natural resources needed by industrialized countries. For example, Saudi Arabia and Iran produce [oil]; Zambia produces [copper]; Jamaica produces [bauxite].

Part Three. Matching. Below is a list of eight developing countries and another list of the five western countries that once colonized them. Match them up to indicate which western country colonized which developing country. (8 points)

Angola	Britain
Egypt	France
Algeria	United States
Philippines	Portugal
Zaire	Belgium
India	
Vietnam	
Nigeria	

CHAPTER TWO

LIVING IN A POOR COUNTRY

CHAPTER OVERVIEW

Following a brief discussion on poverty in the United States and poverty as a relative concept, the chapter devotes itself to a description of six poor individuals and families in six different places around the world: Calcutta, Guayaquil, Hong Kong, Recife, Damascus, and Somalia. The descriptions are personal and concrete and are intended to bring home the problems of poverty to the reader. The chapter ends with a summary of seven problems facing poor people the world over: Hunger, lack of medical care, poor housing, limited public services, limited goods, unemployment, and low participation in the political process.

INSTRUCTIONAL OBJECTIVES

Having read Chapter Two, students should be able:

1. to find the cities of Calcutta, Guayaquil, Hong Kong, Recife, and Damascus and the country of Somalia on a map and describe their location
2. to explain what is meant by the expression "poverty is relative"
3. to identify at least six specific economic problems that are faced by poor people around the world

TEACHING STRATEGIES

The chapter opens with a discussion of poverty as a relative concept. To emphasize this point, ask how it is possible for a farmer whose income increases from \$4,000 in one year to \$8,000 the next to feel rich; how it is possible for an executive to feel poor earning \$30,000 a year. Subjective questions for discussion could include: (1) For a family of four living in your community, what do you regard as a poverty-line income? Why? (2) What minimum goods and services should be available to all people in the United States to put them over *your* poverty line? (3) What minimum goods and services should be available to all people *around the world* to put them over your poverty line? If there is a difference in answers to the last two questions, ask students to explain why.

The chapter is divided into six sections on six different individuals and families. Students should read all sections. For every

section be sure students can find the city or country on a world map. You might have volunteers call international airlines or travel agencies and find out how much time and money it would take to fly from your area to the city in question. For Somalia use Mogadiscio. Strikingly, if the need were there, students could be in any one of the locations in 24 hours. The questions that follow each section are often subjective and should draw varied responses.

As a supplemental exercise, try the following at some point during work on the chapter. Give students these 1972 figures from the World Bank Atlas.

COUNTRY	PER CAPITA GNP
Brazil	\$530
Ecuador	\$360
Hong Kong	\$980
India	\$110
Somalia	\$80
Syria	\$320

Explain that per capita GNP is the amount that every individual in the country *would* get if the value of all goods and services produced by the country were divided up evenly among the people at the end of the year. Point out that just as some people receive more than this average so, too, some people receive less. The families described in Chapter Two probably receive less than the average per capita GNP. Next, figuring a family of four (and therefore multiplying all per capita figures by four), have students divide into six groups, one for each family, and determine just how they would budget their money if they had to get along in the United States. Would it be possible to keep the family alive?

The class might want to investigate the possibility of “adopting” a child overseas through one of the many agencies set up for that purpose. It is not a responsibility to take lightly. There are many questions that need careful answers: Which agencies are most reputable? How will the class make certain that they can meet their contribution responsibilities throughout the year? What will become of the “adopted” child when the class disbands in the spring? One or two students might begin to work with these questions and get answers.

ANSWERS TO TEXT QUESTIONS

Page 27

- Q1 Chandra Lal left his farm because the Ganges River flooded and he lost all his possessions.
- Q2 He sought work. He may have hoped to save enough money to purchase a new farm and get a fresh start. (Answer is speculative.)

Page 28

- Q1 Guayaquil is an unattractive city with a large poor section of 500,000 people called the “suburbio.”
- Q2 (The answer to this question is, of course, speculative. Students might guess that even with its hardships, city life has more conveniences than village life; or that family ties hold them in Guayaquil; or that moving back to the countryside means tenancy, which is unacceptable to Mr. Díaz.)

Page 31

- Q1 The Lee family escaped from communist China in a fishing boat. They were probably more interested in leaving China than in living in Hong Kong.
- Q2 Like many of the world’s large tourist cities, Hong Kong has its unglamorous side. Tourists who stay at fancy hotels barely notice the poverty around them.

Page 33

- Q1 The landlord lent money to Ernesto at a high rate of interest. When Ernesto sold his crops he had to turn over his earnings to the landlord to pay his debts. He moved to Recife because he felt he was getting nowhere.
- Q2 (Open-ended question. Reference might be made to Thor Hyderdahl’s recent raft expedition across the Atlantic Ocean in which he reported manmade pollutants in mid ocean. Yes, the oceans are getting polluted.)

Page 34

- Q1 Shafia has been exposed to a better life through movies, television, and radio.

Page 36

- Q1 Life in Somalia has been made worse by population increase and drought.
- Q2 Being able to read is an important key to getting a job. Whether or not it would end Mrs. Kulmiye’s poverty is speculative, but it would increase the chances.

ANSWERS TO CHAPTER REVIEW

Page 38 Organizing Ideas. The paragraph should read as follows: (1) The shack has two small rooms, no bathroom, no electricity, and no running water. (2) The total space for the six members of the family is about equal to that of one bedroom in a typical American home. (3) Toilet facilities consist of a public lavatory shared by all the people of the area. (4) An oil lamp is lit at night. (5) Water is obtained from a public faucet halfway down the mountainside.

(Explanation: The topic sentence introduces four subtopics—room size, bathroom, electricity, running water. If students have

a different order, hear them out. The object is clear communication, but insist on plausibility.)

Page 39 Responding to The Fly In The Ointment. Students can agree or disagree with the Fly. This is a writing exercise where the substance of what is written will vary. Answers should be to the point and could be written in either poetry or prose.

CHAPTER TEST AND ANSWERS

Part One. Organization. Below is a scrambled paragraph. Rewrite the paragraph in logical order. Be sure to begin with a topic sentence. (7 points) Numbers in brackets indicate the correct order.

- [4] Mr. Lee finally found a job as a factory hand, but he developed tuberculosis and died in 1967.
- [7] Ai Lin is trying to support the other four children.
- [1] The Lee Family escaped from China in 1965 by crossing to Hong Kong in a fishing boat during the night.
- [5] His wife, Ai Lin, was left alone with six children to support.
- [3] Jobs were scarce, pay was low, and housing nonexistent.
- [2] The teeming city offered little but freedom, however.
- [6] Of the six, two are now married and on their own.

Part Two. Essay. Write a short essay of between 100 and 150 words that identifies at least six problems that are faced by poor people around the world. Where possible provide an example drawn from the chapter. (13 points) An acceptable sample answer might include the points made in the following paragraph.

[Poor people around the world are beset by many serious economic problems. First, they face hunger and malnutrition. Either food is not available or it does not provide a balanced diet. Second, housing is often inadequate. A whole family in one room is not unusual. Third, medical care is inadequate. In a country like Somalia, for example, there are fewer than 200 doctors for 3 million people. Fourth, mass education is not available in many countries and the poor are locked into poverty. Fifth, employment is often hard to get. In Recife, Brazil, unemployment among household heads is close to 25 per cent. Finally, the poor in many countries have little political influence. Without influence, their condition does not improve.]

CHAPTER THREE

UNDERSTANDING THE DEVELOPING COUNTRIES

Chapter Three has two major messages: One, that developing countries have important cultural, political, and economic differences; two, that there are generally recognized tools for discussing and measuring the economic differences. The tools of analysis discussed in this chapter are productive resources (natural resources, human resources, capital goods), economic systems (traditional, command, market, mixed), GNP, per capita GNP, rate of growth, infant mortality rate, life expectancy, and literacy rate.

INSTRUCTIONAL OBJECTIVES

Having read Chapter Three, students should be able:

1. to describe at least three ways in which countries differ from each other and the positive and negative aspect of these differences
2. to state the common economic problem faced by all countries and, specifically, by developing countries
3. to define:

productive resources	per capita GNP
natural resources	economic system
human resources	market economy
capital goods	tradition-oriented economy
economic growth	mixed economy
social justice	centrally planned or
GNP	command economy
4. to identify at least three ways of measuring wealth and poverty
5. to accurately read, and to describe in your own words, the information on the maps and charts in this chapter

TEACHING STRATEGIES

Special attention should be given to GNP and per capita GNP as tools for measurement and comparison. They are not perfect measures for several reasons.

One problem is that in subsistence economies, home grown food and home made clothing do not get counted in the GNP. In industrialized countries these products will show up in the GNP.

A second problem distorting GNP figures is that different values are given to different goods and services by different countries. A haircut that costs two pesos (33 American cents) in the Philippines might cost 3 or 4 dollars in the United States. Many basic things cost less in the developing countries than in the United States. GNP and per capita GNP figures tend to *underestimate* the quantity of goods and services actually available to the people of developing countries. Using our haircut example, \$100 would purchase 300 haircuts in the Philippines. In the United States it would buy only 25 or 30.

A third problem is that the science of collecting statistics is more accurate in the industrialized nations. Developing country figures are more apt to be inaccurate.

Finally, it must be remembered that per capita GNP figures are misleading for countries that have widely unequal distribution of income. In the Philippines, for example, it has been estimated that 10% of the people own 90% of all the wealth. The per capita income of this 10% group is about \$2,200. But the remaining 90% of the Philippine people have an average income of 26 dollars. The country's per capita GNP of \$210 does not say a word about these extremes.

ANSWERS TO TEXT QUESTIONS

Page 43

Q1 a. 121 b. 34 c. 75%

Q2 There are three basic reasons. (1) Upper class leaders were commonly educated in the colonial language and have perpetuated it. (2) An outside western language serves as a common language that enables multilingual countries to communicate more easily. (3) Many scientific and technical works are written only in the major western languages.

Q3 Based on the experience of developing nations the answer should be *no*. Economic development in countries like China and Brazil increased when democracy was abandoned. Yet it remains a fact that the world's richest nations are democratic.

Page 45

Q1 Cultural diversity means that different groups of people have different languages, religions, dress, diets, games, folklore, taboos, etc.

Q2 The advantage of cultural diversity is that life is varied and therefore more interesting. Also, diversity produces different solutions to problems and these can be exchanged, like acupuncture from China, fashions from France, or yoga from India.

- Q3 Diversity can be the source of fear and suspicion and lead to conflict. Examples of this are tribal strife, religious intolerance, and racism.

Page 46

- Q1 The main economic problem of poor countries is to increase productivity and raise living standards.
- Q2 Mexico has a much higher literacy rate (75%), has a developing industry, and growing middle class, trained technicians and professional people.

Page 52

- Q1 Natural resources: tin, oil, copper.
Human resources: doctors, lawyers, teachers.
Capital goods: factory building, bulldozer, stamp press.
- Q2 Traditional economy: decision-making based on repeating what has always been done in the past. Command economy: economic decisions made by top officials. What is produced, how it is produced, and what it sells for is determined by a leader or a committee with great authority.
Market economy: system by which private business produces goods because they expect to make a profit. What is produced, how much is produced, and what it sells for depends on the consumers (market). No government interference.

Page 61

- Q1 GNP and per capita GNP
- Q2 Examples of goods: automobiles, pencils, houses, highways, books.
Examples of services: dental work, haircuts, police protection, entertainment, education.

Page 65

- Q1 Life expectancy: How many years a newborn child may expect to live if he or she lives an average lifetime.
Infant mortality rate: The number of babies out of 1,000 who die before reaching the age of one.
Literacy: The ability to read and write.
Other measures of wealth and poverty could include years of formal education, housing, appliances in home, number of automobiles owned, savings.

ANSWERS TO CHAPTER REVIEW

Page 67 Organizing Ideas.

(Note: Roman numerals are interchangeable.)

- I. Productive Resources
 - A. Natural resources
 - B. Human resources
 - C. Capital goods

II. Economic Systems

- A. Traditional
- B. Command
- C. Market
- D. Mixed

III. Wealth/Poverty

- A. Literacy rate
- B. GNP
- C. Per capita GNP
- D. Infant mortality rate

Page 67 Writing a Short Paragraph. Responses will vary and should be judged according to how well they meet the assignment.

Page 67 Responding to The Fly in the Ointment. Students can agree or disagree with the Fly. This is a writing exercise where the substance of what is written will vary. Answers should be to the point and could be written in either poetry or prose.

CHAPTER TEST AND ANSWERS

Part One. Vocabulary. Write a careful definition of each of the nine terms below. (9 points)

1. mixed economy: Economic system in which some decisions are made by government and others are made by business.
2. infant mortality rate: The number of babies out of 1,000 who die before reaching their first birthday.
3. capital goods: Machines, tools, factory buildings that are used to produce other goods.
4. command economy: Economic system in which important decisions are made by the government, not private business.
5. natural resources: Valuable materials that occur in nature. Examples include minerals, timber, rivers, land.
6. per capita GNP: A figure determined by dividing the total value of goods and services produced in a country in one year by the population of that country.
7. market economy: Economic system in which important decisions are made by private business, not the government.
8. tradition-oriented economy: Economic system in which important decisions are made on the basis of what has always been done in the past.
9. GNP: Gross national product.

Part Two. Short Answer. (16 points)

List eight different measures for wealth and poverty in a nation.

- | | |
|-------------------------|------------------------------|
| 1. GNP | 5. Infant mortality |
| 2. Per capita GNP | 6. Literacy rate |
| 3. Economic growth rate | 7. Housing/rooms per person |
| 4. Life expectancy | 8. Years of formal education |

CHAPTER FOUR

POVERTY AT HOME AND ABROAD

CHAPTER OVERVIEW

Chapter Four deals with reasons why the United States and other industrialized countries should be concerned with domestic and worldwide poverty. In the introduction the chapter discusses reasons why Americans are not always concerned with poverty in other countries—we have our own problems; American money would not go far enough to solve world problems; some countries have shown they don't want American help. In the body of the chapter, four reasons are advanced for being concerned about poverty. (1) Moral reasons. Are we not our brother's keeper? (2) Political reasons. Poverty leads to unrest and revolution and is therefore a threat to peace and democracy. (3) Racial reasons. Poverty follows race and color lines. It contributes to racial hostility. (4) Economic reasons. Poverty, at home and abroad, is a drag on the American economy. It reduces the number of consumers and increases the financial burdens of welfare and foreign aid.

INSTRUCTIONAL OBJECTIVES

Having read Chapter Four, students should be able:

1. to explain the political consequences of poverty in the United States and poverty in the world
2. to explain the economic consequences of poverty in the United States and poverty in the world
3. to explain how poverty feeds racial tension
4. to identify moral reasons for working to end poverty

TEACHING STRATEGIES

If you want to vary the manner of studying the chapter, divide the chapter into its sections and subsections. Students can be assigned different subsections to master and present orally to the class. You might introduce the term *précis*. A *précis* is a concise digest of a larger piece of writing. Tell students that they are to prepare an oral *précis* of their assigned material. Their task is to select the most important ideas. The success of their presentation can be evaluated by the class's performance in answering the questions in the text, or other questions specific to the material that the teacher prepares. Presentations should also be evaluated for how much non-essential material is included.

The chapter raises some tough policy and value questions. Three central questions that should be discussed are:

1. If it would be economically advantageous for the United States to end domestic poverty, why hasn't this been done?
2. If it would be economically and politically advantageous to the United States to have world poverty eliminated, why has the United States been cutting back on foreign aid in recent years?
3. Was the lesson of the Vietnam War that the United States should stay out of world affairs?

Two ideas for bulletin boards and creative students:

1. Have students prepare collages which show the contrast between the haves and the have-nots of the world.
2. Have students prepare "picture formulas" which illustrate the basic relationships between (a) world poverty and war, and (b) world poverty and economic harm to the developed countries. Thus, with pictures, students might represent:
Poverty + rising expectations – government concern = rebellion.

If you have particularly capable or interested students, they might do research to test a central thesis of this chapter, that poverty increases likelihood of war. The guideline question could be: In what way was poverty a cause of the Nigerian Civil War, 1967–1970; Vietnamese War, 1946–1975; Arab-Israeli conflicts, 1948 to present; Chinese Civil War, 1920's to 1949? Students should pick one conflict for investigation.

ANSWERS TO TEXT QUESTIONS

Page 75

- Q1 Opinion question.
- Q2 Opinion question. Traditional reasons for *not* helping the poor have been (a) that it violates the idea of "survival of the fittest," (b) that it fosters a welfare mentality and erodes self-reliance.
- Q3 Poverty causes unrest and unrest is a threat to political stability. This instability could give rise to repressive actions by the government in the interest of law and order. Conceivably, martial law could be declared and democratic freedoms like assembly, free speech, and free press could be denied.
- Q4 Poverty in the United States is linked to race. In the early 1970's, 9% of white people lived below the poverty line, while 32% of non-whites lived in poverty. This is a visible fact and contributes to non-white resentment towards whites.

- Q5 An end to poverty could benefit middle-class Americans in several ways: (1) reduction of welfare which would lower taxes; (2) increase in consumption, which would increase employment and widen tax base; (3) reduce crime; (4) reduce anxiety.

Page 83

- Q1 a. Reducing world poverty would have political and economic benefits for the United States. Politically, less poverty may mean less revolt and greater stability in all nations. This would increase the chances for world peace. Economically, a reduction in poverty would increase the buying power of people around the world which would be a benefit to the American economy. It would also lessen the need for foreign aid and save the United States taxpayer money.
- b. The case against America helping poor countries might include these points: (1) America has enough of its own problems to deal with; (2) American money would not go far enough to solve the world's poverty problems; (3) some nations don't want, don't appreciate, or don't deserve American help.

ANSWERS TO CHAPTER REVIEW

Page 84 Defining Your Terms. (Definitions are examples only.)

- Q1 The words needing definition are "most" and "poor."
"Most" means "more than half." "Poor" shall be defined as "people living below the poverty line established by the country in which they live."
- Q2 The terms needing definition are "world prosperity, and "can . . . be achieved." "World prosperity" shall be defined as "that condition in which world life expectancy will be over 65, world literacy will be over 90%, world malnutrition will be lower than 10%, and world unemployment will be less than 8%." "Can . . . be achieved" means "can technologically be achieved." Political considerations should be avoided.
- Q3 The terms needing definition are "immoral," "assist," and "developing countries." "Immoral" shall mean "wrong according to Judeo-Christian ethics." "Assist" shall mean "giving 1% of America's GNP to countries in need." "Developing countries" are all those countries so designated by the United Nations.

Page 85 Responding to The Fly In The Ointment. Students can agree or disagree with the Fly. This is a writing exercise where the substance of what is written will vary. Answers should be to the point and could be written in either poetry or prose.

CHAPTER TEST AND ANSWERS

Part One. Defining Terms. Below are two questions. For each question identify the terms that need defining, and provide definitions for these terms. (10 points)

Question 1: Is democracy necessary to successful economic development?

[Two terms need defining, “democracy” and “successful economic development.” “Democracy” shall mean a country where people are governed by freely elected representatives. “Successful economic development” shall mean having an economic growth rate of at least 6 percent.]

Question 2: How many poor countries have low infant mortality rates?

[Two terms need defining, “poor countries” and “low infant mortality rate.” “Poor countries” shall be defined as any country with a per capita GNP less than \$500. “Low infant mortality rate” shall be defined as less than 25 per 1,000 live births.]

(Note: These definitions are examples only. Students are, of course, free to make up their own definitions. Teachers must be the judge of their reasonableness.)

Part Two. Short Answer. Write a short paragraph in answer to each of the two questions below. (10 points)

1. How might world poverty have bad economic consequences for developed countries? Sample answer below.

[World poverty can cause several negative consequences for developed countries. One, poor people can not purchase goods. Business is thereby reduced. Two, poor countries need more foreign aid. Three, poverty creates political instability which is dangerous for businesses.]

2. Explain how poverty threatens peace. Sample answer below.

[Poverty is a constant source of instability, especially in countries where expectations are rising. People who feel ignored will organize and challenge the governing class. At this point there is the danger of major power intervention, especially if the rival groups are communist and non-communist. This could lead to global war.]

CHAPTER FIVE

NATURE'S BOUNTY

CHAPTER OVERVIEW

Chapter Five considers natural resources as they relate to world poverty. It first identifies natural resources: Minerals, soil fertility, climate, water resources, timber, and physical geography. The chapter then focuses on international trade as the mechanism for distribution of resources. After a brief discussion of ways we control our environment, the chapter describes resources possessed by different developing countries. Finally, the chapter asks and answers the question, "Is there enough to go around?"

INSTRUCTIONAL OBJECTIVES

Having read Chapter Five, students should be able:

1. to define:
natural resource
export
import
diversification
international trade
OPEC
"Doomsday" theories
2. to list developing countries that are rich in natural resources and to identify an important resource of each
3. to list developing nations that are poor in natural resources
4. to present arguments on both sides of the question "Should all countries of the world strive for economic growth?"

TEACHING STRATEGIES

Because the focus of the chapter is natural resources, it is important that students sense the critical importance of these resources to economic growth. Have students consider what goods would probably not exist today if three minerals did not exist: oil, iron ore, and bauxite. It is hard to imagine a world without gasoline, steel, and aluminum. A second crucial consideration is that of natural resource distribution. What do students think about the way these resources are distributed around the world?

It may be appropriate at some point in the chapter to have a map drill. Ask for a volunteer to go to the wall map of the world. Go around the class and ask students to call out natural resources.

The volunteer names a country rich in that resource and points to it on the map.

The most critical question raised by the chapter, and perhaps by the book, is the title of the last section, "Is There Enough To Go Around?" Because it deals with the future it is necessarily speculative and the subject of wide disagreement. Capable students should be encouraged to read one of the several "warning" books that have been published in recent years. Among these are *The Closing Circle* by Barry Commoner and *The Limits of Growth* by Dennis Meadows et al. A book with the opposite view is *Two Cheers For Affluence* by Wilfred Beckerman. Both students and teacher would benefit from the special issue on global poverty and hunger in *Social Education*, November-December, 1974. Have students confront the question "Is there enough to go around?"

Before students write their multiple choice questions in the end-of-chapter exercise, tell them that the best questions will be used as part of the chapter test. After receiving the questions from students, use the board or overhead to critique a random assortment. Have students try to develop criteria for evaluating the questions. These criteria might include:

1. Are all answers reasonable?
2. Does the question test an important concept or fact?
3. Is the answer ambiguous?

ANSWERS TO TEXT QUESTIONS

Page 93

- Q1 Natural resources are any naturally existing parts of the environment that are useful to people. They include minerals, soil, climate, physical features, timber, and wild life.

Page 94

- Q1 Natural resources, human labor, and capital goods.
Q2 These elements can be acquired by purchase, by gift, by trade, and by conquest.

Page 96

- Q1 The underlying reason for trade between countries is that some countries have more of some resources than they need and less of other resources. Countries trade their surplus resources to get what they need.
Q2 a. Imports are goods received by a country.
b. Exports are goods shipped out of a country.

Page 97

- Q1 Examples of control over nature are: (1) air conditioning; (2) heating; (3) irrigation canals; (4) seeding clouds to produce rain; (5) production of substitutes for scarce resources like crude oil for whale oil; (6) soil fertilization.

Page 100

- Q1 Iran - oil; Chile - copper; Zaire - copper; Malaysia - tin;
Surinam - bauxite; Mexico - silver; Nauru - phosphates;
Algeria - iron; Jamaica - bauxite; Saudi Arabia - oil.
- Q2 Afghanistan, Chad, Niger, Mali, Mauretania.

Page 103

- Q1 *The Limits of Growth* predicts that within one hundred years world population will be so great that there won't be enough natural resources to meet basic needs; also that pollution problems will become extreme.
- Q2 Arguments against the prediction of *The Limits of Growth* include: (1) There is enough farmable land to meet food shortages if properly fertilized, irrigated, and managed; (2) the shortage in one resource will likely be satisfied by the development of a substitute, like fusion power for oil or coal; (3) pollution can be checked if nations are willing; (4) problems of growth can only be solved by additional growth. Redistribution of existing wealth would not solve all shortage problems. More must be produced.

ANSWERS TO CHAPTER REVIEW

Page 105

T - timber	O - oil	R - rubber	L - Lebanon
H - Hong Kong	I - Israel	I - Iran	A - Aswan
E - exports	L - Libya	C - Congo	N - Nigeria
		H - Honduras	D - Dhabi
			S - Sri Lanka

CHAPTER TEST AND ANSWERS

Part One. Fill in the Blank. Using terms below, fill in the blanks with the most correct term. A term can be used more than once. (10 points)

oil	copper	capital goods	OPEC
timber	bauxite	natural resources	international trade
iron	import	Saudi Arabia	Ghana
silver	export	natural harbors	cartel
Chad	cotton	domestic	desalinization

1. A term which means to ship goods out of a country is [export].
2. The chief tradable resource of Jamaica is [bauxite].
3. A term meaning a price-controlling organization is [cartel].
4. Factories and machines are examples of [capital goods].
5. An important agricultural resource in India is [cotton].
6. A process to make ocean water drinkable is [desalinization].

7. [Natural harbor] is/are an example of a geographical resource.
8. Trade between countries is called [international] trade.
9. [Copper] is an important natural resource in Chile.
10. [OPEC] is an oil cartel.

Part Two. Short Answer. Write a short response to the two questions below. (6 points)

1. What is the danger for a developing country if it depends too greatly on selling one crop to the industrialized countries?
Sample answer below.

[The danger is that if the demand for that item goes down and the price falls, it can seriously injure the developing country's economy. It will not have the money to purchase necessary imports. It will also cause layoffs and less buying.]

2. Give three examples of how people control the environment.
Sample answer below.

[Dredging harbors; land-filling swamps; air conditioning.]

Part Three. Arguments for Debate. You are asked to participate in a debate. You will not know until the time of the debate on which side you will have to argue. You therefore prepare for debating on either side. Read the proposition below. Then prepare two separate lists. Label one list "Arguments Supporting Proposition." Label the other list "Arguments Against Proposition." Number each argument. List as many different arguments as you can. (9 points)

Proposition: The world must cut back to zero percent population and production growth if it is going to survive. Arguments Supporting Proposition:

1. There is an absolute limit to the natural resources in this world. It is only logical that increasing population will cause these to be used up faster.
2. Continuing increases in production will also cause resources to be used up faster. Therefore, production increase gives mankind a shorter time to live.
3. An increase in population and production will only add to the very serious worldwide pollution problems.

Arguments Against Proposition:

1. While there are limits on natural resources, there are also almost limitless substitutes for many key ones. The need for population and production cutbacks are exaggerated.
2. Pollution is not primarily caused by excessive production. It is caused by the act of producing carelessly. Technology is advanced enough now to clean itself up as it produces. People will have to share the cost by paying more for consumer items.

CHAPTER SIX

THE HUMAN FACTORS: WORLD POPULATION PROBLEMS

CHAPTER OVERVIEW

Chapter Six describes world population trends in both developing and industrialized countries, examines the reasons for the population increase, discusses the consequences in terms of arrested economic growth, and discusses possible solutions. The chapter includes the analytical tools (birth rate, death rate, economic growth rate) that are relevant to understanding population. A forthright effort is made to stress the seriousness of the population problem while at the same time explaining why it is such a sensitive matter.

INSTRUCTIONAL OBJECTIVES

Having read Chapter Six, students should be able:

1. to define and use correctly in a sentence
birth rate; death rate; population growth rate; family planning
2. to figure out from the birth and death rates of a country its
population growth rate
3. to explain the relationship between the growth rate of per
capita GNP and the population growth rate
4. to give the main reason for the population explosion
5. to list problems created by rapid population growth
6. to list obstacles to family planning

TEACHING STRATEGIES

Understanding population growth rate may confuse some students. The reason is the two statistics used to compute the population growth rate—birth rate and death rate—are rendered in *cases per 1000* while the population growth is discussed in *cases per one hundred*, or percent. Work through the example given on page 111 on the chalk board. If there is confusion, use another problem. Example: Country Z has a population of 30 million. Last year one million babies were born in Z and 500,000 people died. What was the birth rate? death rate? growth rate? Answers, respectively, are 33 (or $1,000,000 : 30,000,000$ as $X : 1000$); 17 (or $500,000 : 30,000,000$ as $X : 1000$); 1.6% (or $33/1000 - 17/1000 = 16/1000 = 1.6/100 = 1.6\%$)

At the end of the second section, "World Population Trends," there is a brief discussion of why population is down in the industrialized world. There is a question about this at the end of the section. Ask students to do some thinking and come up with plausible answers on their own. For help, see the answer provided to Q2, page 115 in this *Guide*.

As a follow-up exercise to Chapter Six, set up a modified debate. The format can be quite simple. Three or four students to a side; opening statements by a member of each team; back and forth questions and answers between the two teams; questions to either team from the floor; evaluation of performance by the student audience. There are a number of questions that would lead students into a more careful consideration of the problems that attend population control. Two debatable resolutions are:

Resolved: Parents should be bound by law to have no more than two children. The penalty for having a third child should be a fine equal to all wages earned by the couple in the last year in which they earned full wages.

Resolved: There should be tax incentives for two children or less, and stiff tax penalties for having three or more.

It is suggested that students debate the above, or a different question of your choice, in the context of a specific country. A mythical country you can use is Krowdania. If you use it as the setting for your debate, distribute this description to all members of the class, debaters and audience alike. Krowdania: Vital Facts. Population: 20 million; Birth rate: 50; Death rate: 17; Population growth rate: 3.3%; Literacy: 60%; Religion: Moslem, Hindu, and some Catholics; Per capita GNP: \$300 and holding; Government: Struggling democracy; Area: 80,000 square miles; Economy: Farming (rice, cotton); Exports: Cotton; Future: Mineral deposits discovered but little capital to begin mining operations.

ANSWERS TO TEXT QUESTIONS

Page 111

- Q1 a. 200 (200 births per 1,000 population) b. 50 (50 deaths per 1,000 population) c. 15% d. 1981
- Q2 The per capita GNP growth rate is 3%. If the birth rate declined, and GNP remained stable, the average person would have more material goods because there would be fewer people to share the wealth.

Page 115

- Q1 The primary cause of the population explosion is that improved medical care around the world has resulted in fewer deaths. At the same time, the birth rate in developing countries has remained high.

- Q2 Reasons for falling birth rate in industrialized countries:
 (1) Children not needed as farm hands; (2) women becoming more active in work force, and don't want to be tied down by large families; (3) ethical concern about over-population; (4) limits of space in urban environment; (5) awareness of the expense of child-rearing.
- Q3 A high population growth rate has a negative effect on economic development for several reasons: (1) The GNP pie has to be cut into more pieces and per capita shares are therefore smaller; (2) it means more non-productive children and creates a greater burden on producing members of society; (3) it limits the number of women who can enter the work force.

Page 118

- Q1 a. Deterioration of the environment. Population increases have resulted in pollution increases in all industrial nations.
 b. Excessive consumption of the world's natural resources.
- Q2 High population growth rates in developing countries will result in more hunger, fewer job opportunities, more illiteracy, and a brake on increased per capita GNP.

Page 119

- Q1 Three possibilities are listed: mass starvation, nuclear war, and control of population growth.

Page 122

- Q1 Family planning means controlling the number and spacing of children.
- Q2 Yes, but they are all unacceptable. They include war, famine and disease.

ANSWERS TO CHAPTER REVIEW

Page 123 Understanding Large Numbers. 127 years. $60 \times 60 \times 24 \times 365 = 31,536,000$ seconds in a year. $4,000,000,000 \div 31,536,000 = 127$

CHAPTER TEST AND ANSWERS

Part One. Completion Puzzle. Below are sixteen statements. Fill in the blank spaces with the most appropriate term. The first letter of each should be placed in the corresponding blank in the lefthand column. When complete, the lefthand column will spell out a familiar word. (10 points)

- [P] Family [planning] is essential to population control.
 [O] A term for "too many people" is [over]-population.
 [P] Gross National Product \div National Population = [per capita GNP].

- [U] A leading industrialized nation with a .9% growth rate is the [U.S.] .
- [L] Low [literacy] rates hurt efforts in educating people about family planning.
- [A] [Attitudes] about religion and machismo can work against family planning.
- [T] Doing something because it has always been done that way is called [tradition] .
- [I] The greater freedom or [independence] of women has probably resulted in smaller families in industrialized countries.
- [O] Many countries in the oil-producing cartel, [OPEC,] have high birth rates.
- [N] An oil producing country in West Africa, [Nigeria] , has a high birth rate.

Part Two. Computations. Answer the questions below. (5 points)

1. At the start of 1975 country A had a population of 10 million people. During that year there were 300,000 births and 200,000 deaths.
 - a. What was the birth rate during the year?
 - b. What was the death rate?
 - c. What was the population growth rate?
2. In country B the population growth rate is 2 percent and the GNP growth rate is 5 percent.
 - a. What is the per capita GNP growth rate?
 - b. If the GNP rate fell to 2 percent, what would be the per capita GNP?

Part Three. Short Answers. (10 points)

Give six reasons that help to explain the drop in the birth rate in the industrialized countries.

1. Increased independence among women
2. Little need for children as workers on family farm
3. Ethical concern with over-population
4. Awareness of the cost of raising a child
5. Concern for the environment
6. Family Planning

What are four possible solutions to the world population problem?

1. war
2. hunger
3. disease
4. voluntary control

CHAPTER SEVEN

THE HUMAN FACTORS: SKILLS, PRODUCTIVITY, EDUCATION

CHAPTER OVERVIEW

Chapter Seven deals with skills, productivity and education as factors of economic growth. Four categories of skills are discussed: Technical, entrepreneurial and managerial, administrative, and professional. Productivity is defined, sources of increased productivity are identified, and productivity in developing countries is discussed. Education is broken down into several parts—objectives, problems of availability and quality in developing countries, and, finally, a discussion of educational planning. This discussion of education is often minimized and you will find this treatment especially valuable in your teaching of economic growth. The overall purpose of the chapter is to demonstrate that economic growth does not just mysteriously happen. Nor is it a simple act of will. Basic ingredients, like skills and education, have to be present for increased productivity to occur.

INSTRUCTIONAL OBJECTIVES

Having read Chapter Seven, students should be able:

1. to define:
skilled labor (technical, entrepreneurial, managerial, administrative, professional)
productivity
educational system
brain drain
2. to state clearly the relationship between education and economic growth
3. to make a number of policy judgments regarding priorities in developing educational systems and in allocating money for general economic development and to provide sound reasons for these judgments

TEACHING STRATEGIES

In the first section there may be some confusion in distinguishing between managerial, entrepreneurial, and administrative skills. Indeed, there is overlap where, for example, an owner (entrepreneur) is also the day-to-day boss (manager.) For the

purposes of this chapter, a manager supervises people but is neither the owner nor the chief executive. An entrepreneur is an owner who had started his/her own business. An entrepreneur is often the top executive. An administrator is an executive of a public agency.

In the second section on productivity you may want to give your students one or two productivity increase problems to sharpen their understanding of the concept. For example, here is a problem: The Fast Rubber Tire Company, in 1965, produced an average of one tire per worker hour. In 1975, Fast Rubber averaged one and a half tires per work hour. What was the increase in their productivity? Answer: From 1 to $1\frac{1}{2}$ = 50% increase.

In doing the Karfin Nawa exercise at the end of the chapter, there are several things you might do.

1. First, duplicate the material and distribute it.
2. Point out at the beginning that the problem of allocating scarce resources to meet unlimited demand is universal.
3. After students have read through the exercise, remind them that the \$10 billion is additional revenue. Certain minimal needs are already being met in the ten categories.
4. Before allocating begins, instruct students to examine the Vital Statistics and Information carefully.
5. Next, explain to class that in order to set allocation priorities they must first decide on the goals. Possible goals that students might offer are:
 - a. Immediate improvement of welfare of people
 - b. Long range economic growth
 - c. Developing flashy monuments to stir up national pride—a national airline, or a huge presidential palace.
 - d. Conquest of neighboring countries.
6. After students have identified their goals they are ready to do the assignment. It can be done in small groups or individually. All students will have two products to show for their efforts—the allocation sheet and their two defense paragraphs.
7. To conclude, you or a particularly able student could serve as Prime Minister and review all the recommendations turned in by members of the class.

ANSWERS TO TEXT QUESTIONS

Page 129

- Q1 Technical: printer, silversmith; Managerial: assembly line foreman, newspaper editor, boss in a local supermarket; Entrepreneurial: service station owner, farmer; Administrative: Secretary of the Navy, school superintendent; Professional: lawyer, teacher, nurse.

Page 132

Q1 “An increase in productivity” means that more goods are produced per hour of individual labor.

Page 135

Q1 Education creates a better skilled labor force which, in turn, results in increased productivity. Specifically, education generates inventors, technicians, administrators, professionals, entrepreneurs, and managers. Conversely, increased productivity creates investment dollars for better educational facilities and programs.

Page 137

Q1 Education is limited in developing countries because (1) the number of buildings and classrooms is too low; (2) there is a shortage of teachers; (3) there are too few books and lab supplies; (4) students are often trained poorly and for purposes that don't result in economic growth.

Page 141

Q1 Value question. In discussing students' answers, if they opted for the “100,” did they consider imposing restrictions to prevent a “brain drain.” What assurances would there be that these “100” would contribute to the welfare of the country? If they chose the “10,000,” how would fourth grade training help the country's economic development? Would these students be literate enough to read farming journals?

ANSWERS TO CHAPTER REVIEW

Page 142 Making Choices for Karfin Nawa. (Sample answer).
Ten Year Allocation Schedule

Military Build Up		
General Education: literacy	\$ 1,000,000,000	10
Special Ed.: Tech & Ag	2,000,000,000	20
Health	500,000,000	5
Irrigation Projects	2,000,000,000	20
Recreation facilities		
Rural electrification	2,000,000,000	20
Transportation: RR.	400,000,000	4
Oil: research & develop.	2,000,000,000	20
Welfare: Poor & Elderly	100,000,000	1
Totals	\$10,000,000,000	100%

In the sample there is a four-way tie for budget allocation. Three allocations—oil, special education, and irrigation—are all immediately related to increasing productivity in the country. Oil and agriculture seem to be the key to Karfin Nawa's future. Hence,

research and training in these areas are crucial. So, also, is increased tillable land through irrigation. The fourth high allocation is family planning. With a population growth rate of 3%, the country's population will double in about twenty-five years. That rate must be reduced if per capita GNP is going to increase.

The two low allocations—in fact, they were both allocated nothing—are military and recreation facilities. Let both of these be paid for out of the existing budget. Remember, the \$10 billion are *additional* dollars to be spent on development. The military needs no more at this stage of the country's development. Recreation is nice but it can't be considered a high priority item.

CHAPTER TEST AND ANSWERS

Part One. Categorization Below are twelve skill occupations. Categorize them under the five categories provided. (12 points)

Dentist; barber with own business; carpenter; high school principal; teacher; key puncher; plumber; lawyer; boss of Burger King stand (not the owner); top executive, Municipal Hospital; head coach, Boston Celtics; Cadillac dealer, owner.

Technical: carpenter; key puncher; plumber; Entrepreneurial: barber with own business; Cadillac dealer, owner;

Professional: dentist; teacher; lawyer; Administrative: high school principal; top executive, Municipal Hospital;

Managerial: boss of Burger King stand (not the owner); head coach, Boston Celtics.

Part Two. Short Answer. (8 points)

1. What factors explain how agricultural productivity can increase at the same time that the farm population of a country is decreasing? Sample answer below.
[The factors are: (1) better machinery; (2) better pesticides; (3) better fertilizers; (4) use of improved farming techniques; (5) use of better seed and better stock.]
2. What is the "brain drain" and how does it affect the economic growth of a country? Sample answer below.
[The "brain drain" refers to highly educated people leaving their home country to live in a different country. It hurts economic growth because the country loses an individual with technical, administrative, professional, managerial or entrepreneurial skills.]

CHAPTER EIGHT

CAPITAL: A KEY TO GROWTH

CHAPTER OVERVIEW

Chapter Eight opens by explaining the difference between money capital and capital goods. It proceeds to ask where capital comes from and identifies four sources: voluntary saving, taxation, forced saving, and foreign capital. After a brief look at capital in the rich countries, the chapter focuses on the problems that interfere with saving and investment in the poor countries: unwillingness to save; inability to save; unavailability of financial institutions; and deterrents to foreign investment like weak consumer base, nationalization, and expropriation. The chapter concludes with a look at why poor countries have a difficult time attracting capital from abroad.

INSTRUCTIONAL OBJECTIVES

Having read Chapter Eight, students should be able:

1. to define:

capital goods	private investment
money capital	forced saving
savings	international investment
investment	nationalization
capital formation	expropriation
public investment	foreign aid
2. to list four sources of capital
3. to state the relationship between the production of capital goods and
 - the payment of life insurance premiums
 - money placed in a savings account
 - money used to purchase stocks and bonds
 - income withheld for social security
 - the federal gas tax
4. to explain why poor countries have a difficult time generating capital
5. to identify reasons business is leery about investing money in some developing countries

TEACHING STRATEGIES

Chapter Eight is concerned with showing that by increasing capital goods through savings and investment a country will in-

crease its production. One good way to get a handle on how this takes place is to invite a banker to speak to your class, preferably one involved in international investment. If this can be arranged, spend part of a class period prior to the visit thinking up good questions. These might include: What considerations precede the decision to invest in a certain domestic company? What laws regulate your investment procedures? In making loans to companies planning to build factories overseas, should government stability be considered as one of the factors?

For students of modest ability, have them convert the total U.S. savings figures mentioned in the text to a circle graph.

Figures provided in the text are:

\$52 billion spent on factories and other business buildings
\$98 billion spent on tools and machines
\$46 billion spent on building homes
\$13 billion spent on inventories
\$ 4 billion taken by government
<u>\$213 billion total savings of all U.S. individuals and businesses</u>
in 1974

Steps:

1. Determine the percent each item is of the \$213 billion total.
2. Use protractor to segment the circle into the five sections.

The difference between capital as dollars and capital goods should be underscored. The text discusses this under the subsection "What is Capital?" Remind students that money capital has little or no inherent value, that its value is determined by the degree of confidence people have in its tradeability for goods. Money capital is like oil in a vast economic machine. It permits goods and services to slide easily back and forth. Capital goods on the other hand have great inherent value. In large measure they are the real worth that money capital only represents. Put another way, a world with lots of money capital and few capital goods would be poor. A world with little money capital and lots of capital goods would be rich.

A good exercise for testing students' grasp of the concepts in Chapter 8 is to have them explain the relationships among the items in the list below. Select any two concepts and ask students to state if and how they are related to each other.

consumer spending	investment
taxation	political stability
savings	foreign investment
financial intermediaries	expropriation
international investment	capital goods
foreign aid	

ANSWERS TO TEXT QUESTIONS

Page 146

Q1	<i>Capital Goods</i>	<i>Consumer Goods</i>	<i>Either</i>
	highway	radio	car
	drill press	toothpaste	
	hydroelectric dam	shoe	
	shoe factory		
	football stadium		

Page 154

- Q1 Four sources of capital are voluntary saving, taxation, forced saving, and foreign capital.
- Q2 a. The First National Bank loans the money out, at interest, to a private business which uses the money to help build a new factory.
- b. Rocky Mountain Insurance Company may use Ed's money to purchase stock in Texaco. Texaco takes the money and uses it to help buy a super tanker.
- c. Modex Oil uses Estelle's money to drill for oil in the Gulf of Mexico. It helps purchase a new drill bit.

Page 155

- Q1 Rich countries are able to create more wealth because their high incomes permit more savings, which when invested in capital goods, makes them even wealthier.

Page 159

- Q1 Factors that interfere with generating money capital are: unwillingness to save; inability to save; unavailability of financial institutions; and deterrents to foreign investments.

ANSWERS TO CHAPTER REVIEW

Page 161. Responding to the Fly In the Ointment. Students can agree or disagree with the Fly. This is a writing exercise where the substance of what is written will vary. Answers should be to the point and could be written in either poetry or prose.

CHAPTER TEST AND ANSWERS

Part One. Definitions. Write a short definition of each of the ten terms below. (10 points)

1. capital goods: Items such as railroad cars, factories, machines, and highways that contribute to the production and distribution of other goods.
2. forced savings: Where a government decides what resources will be allocated to investment.
3. international investment: The transfer of money capital from one country to another.

4. nationalization: Taking over a foreign owned country *with* compensation.
5. financial intermediaries: Institutions like banks, savings and loan companies, and insurance companies that collect people's savings and make them available to investors.
6. consumer goods: Items like toothpaste, automobiles, and newspapers that are used by ordinary people to satisfy wants and needs.
7. public investment: Government spending on capital goods such as dams or roads.
8. expropriation: To take over a foreign owned company without compensation to the owners.
9. savings: Holding off from consumption and using your money at a later time.
10. investment: Using savings to help make capital goods.

Part Two. Relationships. State what relationship exists between each of the paired terms below. (10 points)

1. Production of capital goods *and* the federal gas tax.
[The gas tax collected by the federal government is put in a fund called the Highway Trust Fund. Interstate highways, a kind of capital good, are built using this fund.]
2. Increased U.S. foreign aid *and* U.S. economic growth.
[It is possible that U.S. aid for building factories in developing countries would enable these countries to produce goods, thereby earning money, thereby helping them to purchase more goods from the United States. This would be a boost to the American economy.]

Part Three. Essay. List the possible advantages and disadvantages for an industrialized country to build a factory in a developing country. (Note: This factory would be owned by stockholders in the industrial country. It is *not* a gift to the developing country.) (10 points)

[Advantages: (1) A growing market. (2) Cheap labor. (3) Special tax considerations like the five year tax-free status granted by Taiwan to foreign companies. (4) Closeness to natural resources used in production.]

[Disadvantages: (1) Instability of government could lead to nationalization or expropriation. (2) Small consumer base in host country. Little opportunity to sell goods there. (3) Difficulty in finding skilled labor. (4) Need to please local government officials.]

CHAPTER NINE

TECHNOLOGY

CHAPTER OVERVIEW

Chapter Nine is concerned with how improved machines and improved ways of organizing production result in economic growth. These improvements result from three main contributors—education, research and development, and investment. The problem for developing countries is to acquire these contributors. The chapter maintains that developed countries must play an ever larger role in each of these areas. The chapter concludes by discussing several of the disadvantages of technology.

INSTRUCTIONAL OBJECTIVES

Having read Chapter Nine, students should be able:

1. to define:
 - technology
 - technological change
 - research and development
 - pure research
 - applied research
2. to explain the relationship between each of the following and technological change:
 - education
 - research
 - development
 - investment
3. to explain different ways technology can be transferred from rich to poor countries
4. to list problems that new technology can cause developing countries

TEACHING STRATEGIES

Discuss with students the possibility of doing a “Project 24”. This entails getting the entire family to cooperate in not using any of the modern conveniences listed by the students in their answer to the text question on Page 165. (Heat might have to be an exception). Have students discuss how they would cope without technological trappings. What will they do for light? for cooking? for hot water? for running water? for flush toilets? The purpose of the exercise is to demonstrate how dependent we have become

on modern technology, and to understand, in however contrived a manner, what it is like to do without. After doing the exercise have students discuss the difficulties they encountered and whether or not they could adjust to a life without these conveniences. Would people in developing countries have the same problems? Which of the listed home conveniences make real contributions to the economic growth of this country? Explain. Which are luxuries that make no such contribution? Explain. Which, if any, are positively harmful? Explain.

Students may have some difficulty thinking of concrete examples of applied and pure research. Here are more to categorize:

Galileo's discovery that falling objects of different weight fall at the same speed. (Pure)

Dr. Naismith's invention of the game of basketball in response to a YMCA request for a good indoor sport. (Applied)

Louis Pasteur's development of pasteurization. (Applied)

Albert Einstein's work on relativity. (Pure)

You may also need to explain why a corporation operating on the profit motive would spend money on pure research that might produce nothing for the company.

The matter of technology transfer raises some important moral questions. Among them are:

1. Should the United States, with poverty within, spend money on trying to lessen poverty in developing countries? Do we need our experts at home working on urban, educational, medical, and criminal problems?
2. If we do transfer technology, what technology should we send? military hardware? heavy farm machinery that may lead to unemployment? private enterprise that may not be producing a good that will be consumed in the host country? medical knowledge that may result in even higher populations?
3. Should the rich nations permit well-educated people from developing countries to immigrate? Is this not a flagrant disservice to the struggling nations? Is it really to the advantage of rich nations?

ANSWERS TO TEXT QUESTIONS

Page 165

Q1	telephone	indoor toilet	mixer
	electric light	refrigerator	hair dryer
	radio	washing machine	furnace
	television	dishwasher	air conditioner
	typewriter	automobile	slide projector
	record player	toaster	electric stove
	disposal	electric vacuum	lawn mower

Page 167

- Q1 a. Franklin stove: applied research. Developed to serve a specific human need. b. properties of lightning: pure research. Franklin had no special application in mind.

Page 168

- Q1 Other factors include: the profit motive; prestige for the developer; philosophical belief in progress as against status quo; felt need.

Page 170

- Q1 Technology can be transferred by sending assistance programs and technical experts to the country, by inviting people from the developing countries to study in the rich country, and by private business investing there.

Page 172

- Q1 a. Help: feeding hungry people
Hurt: contribute to population explosion; force some farmers off the land
- b. Help: defense; prestige
Hurt: uses money that might better be spent elsewhere
- c. Help: improve medical care in country
Hurt: contribute to population growth
- d. Help: provide employment; provide learning opportunities; increase national treasury by paying taxes
Hurt: country may not need cars and plants would be using skilled workers to produce a low priority item
- e. Help: informal education of citizens; provide employment; provide entertainment
Hurt: government money might better be used to build hospitals, schools, or develop natural resources

Page 173

- Q1 Rich countries can help by devoting money, time, expert advice, and human resources.

ANSWERS TO CHAPTER REVIEW

Page 175 Organizing Ideas There are several ways that developing countries can begin to acquire an advanced technology. Because some countries in the world have already broken through the *technological change* barrier, *technology transfer* is possible. This may take the form of a *technical assistance program* whereby experts are sent from the rich to the poor country to share what their *research and development* has already produced. One example of this is the *high yield* miracle rice that has given rise to the so-called "*green revolution*." Miracle rice is the result of *applied research* and has made an important technological contribution to the *economic development* of several countries.

Page 175 Forseeing Consequences a. urbanization: mechanization on the farm will lead to larger farms and less farm labor. The result will be people leaving the farm to find employment in cities. Urbanization will result. b. unemployment: until urban areas can absorb displaced farmers, unemployment will increase. c. industrial development: the large number of migrants to the city produces a cheap labor pool. Industry may be attracted to the cities to take advantage of the low wages. Industrial development will occur.

CHAPTER TEST AND ANSWERS

Part One. Make a list of the disadvantages technology may bring to a developing country. Where necessary, provide an explanation of the listed item. (10 points)

1. Technology replaces workers and increases the number of unemployed.
2. Technology has developed synthetic products that have replaced natural materials. This hurts developing nations who depend on the export of the natural products.
3. Technology contributes to the brain drain by luring bright people to the rich countries for training and then providing them with jobs in the rich countries.
4. Advances in medicines and family planning have contributed to the population explosion.
5. Some technology has been purchased by developing countries for its glitter, not for its usefulness in the country.

Part Two. Essay. Define and give one example of applied research and pure research. Then give your opinion as to which kind, applied or pure, should be the number one concern of a developing country. (10 points)

[Applied research is the attempt to solve a specific problem. An example would be Dr. Jonas Salk's efforts in developing a polio vaccine. Pure research is after knowledge for its own sake. It is done without a specific application in mind. Albert Einstein's work on the atom is an example of pure research.]

Pure research may be a luxury that a developing country cannot afford. There seem to be enough specific problems that need solving to keep researchers busy finding applications. (opinion)]

CHAPTER TEN

THE ECONOMIC ENVIRONMENT

CHAPTER OVERVIEW

Chapter Ten discusses the “economic environment” of a country as a critical determiner of productivity. Specifically, the chapter considers (1) the importance of land ownership by farmers; (2) the size of farms; (3) the size of the market; (4) the need for accumulating foreign currency; (5) the need for avoiding heavy debt; (6) the importance of developing a strong infrastructure—highways, postal system, power stations, railroads, et al; (7) the importance of limiting inflation.

INSTRUCTIONAL OBJECTIVES

Having read Chapter Ten, students should be able:

1. to define:
 - economies of scale foreign exchange
 - land reform economic infrastructure
 - common market inflation
2. to explain how each of the following influences the economic growth of a country:
 - large landholdings and many landless farmers
 - large-scale production
 - market size
 - shortage of foreign exchange
 - dependence on the export of one natural resource
 - large debt
 - inadequate infrastructure
 - inflation

TEACHING STRATEGIES

When discussing land ownership and productivity in the first section, it is an appropriate time to look at the underpinnings of theoretical capitalism and communism. Does human nature require that there be a profit incentive to do hard work? What substitutes for profit incentive are there? Patriotism? Pride in one's craftsmanship? Fear? Under what set of conditions does each student work the hardest?

When discussing land reform, there is a possible dilemma that needs attention. Land reform breaks down large estates and distributes land, often in small plots, to the farmers. This causes a

reduction in scale and makes it difficult to profitably farm with big machines. Is there a way to both have your cake (land reform) and eat it, too (economies of scale)?

When discussing the burden of debt carried by many developing nations, ask students if there is any selfish motive that would cause a rich nation to offer low interest loans, or even gifts. Possible motives would include: Political allegiance; greater political stability in the developing nation and less chance of war; with economic growth, and an expanding consumer base, the developing country could purchase products from the lending nation.

To help demonstrate the concept of high inflation, give every student a make-believe \$10,000 certificate. Tell them that the inflation in the country is presently 20%. By class time tomorrow they must have done something with the \$10,000. They could put it in a bank, buy government bonds, buy land, a new high priced car, etc. Then discuss students' choices. From an investment standpoint, which choices were wisest? Why?

Some students may need guidance for the end of chapter value case study. One model for making value decisions involves a four step procedure. You might want students to follow it.

1. Clearly state the problem.
2. State the alternative solutions.
3. State the positive and negative consequences of each alternative.
4. Select the best solution based on anticipated consequences.

ANSWERS TO TEXT QUESTIONS

Page 178

Q1 People tend to work harder when there is a profit incentive.

Page 180

Q1 Land reform which gives farmers titles to the land they work means that if a profit is made the farmer gets it. This leads to harder work and higher production.

Q2 Land owners are more satisfied with existing conditions than tenants. Revolution is less likely.

Page 182

Q1 Factories require a large capital investment. In order for them to operate at a profit they must be able to sell large quantities of goods.

Q2 A common market encourages industrial growth because it creates a larger market for the goods of any one factory. Put another way, it permits the economies of scale to take effect.

Page 188

Q1 Foreign exchange means money from another country. It

can be obtained by (1) exporting goods to a foreign country and getting paid in that currency; (2) borrowing; (3) gift.

Q2 With only one product to export, a nation is very vulnerable to international market conditions. If demand goes down, there is no other export to turn to.

Q3 Such agreements set minimum prices on commodities exported by developing countries. This guarantees a steady flow of income to the exporter and greatly helps economic development.

Page 189

Q1 Infrastructure is the basic facilities in a country. These include airports, railroads, highways, ports, and schools.

Page 192

Q1 Inflation is an increase in prices. It means the value of money goes down.

Q2 A high rate of inflation discourages savings, therefore capital does not accumulate. Investment in infrastructure projects is much less likely. Political instability is apt to increase, and with it the threat of violence.

ANSWERS TO CHAPTER REVIEW

Page 195 Making Value Decisions (Note: In evaluating answers to the case study, see that students defend their decisions in terms of anticipated consequences. See Teaching Strategies on page 39 of this Guide.)

CHAPTER TEST AND ANSWERS

Part One. Fill in the Blank. Choose the best term from the list and write it in the appropriate space. (10 points)

inflation	economies of scale
deflation	diversification
communes	state farms
land reform	unification
capital goods	collective farms
intercropping	foreign exchange
infrastructure	common market
low interest loans	low birth rate
high interest loans	international commodity agreement
saving	climate
depression	taxes
railroads	

1. Increasing wages faster than productivity is rising will probably cause some [inflation] .
2. [Railroads] is/are an example of infrastructure.

3. The European Economic Community is an example of a(n) [common market] .
4. To Americans yen, pounds, and lire are examples of [foreign exchange] .
5. Increasing farm size will probably result in [economies of scale] .
6. The decision by industrial and developing nations to guarantee a minimum price for certain exports is called a(n) [international commodity agreement] .
7. Countries dependent on single exports would benefit from developing other export products. This is called [diversification] .
8. A high rate of inflation discourages [saving] .
9. Raising taxes in a country would probably result in some [deflation] .
10. Breaking up the large estates of the rich and distributing small plots to the peasants is called [land reform] .

Part Two. Essay. You are a consultant to a developing country. Your job is to recommend ways to increase economic growth. After two months in the country you make seven observations:

1. 80% of the land is owned by 5% of the people.
2. The population of the country is 2 million, and the per capita GNP is \$200.
3. 90% of the country's exports is sisal.
4. Nearly 30% of export earnings go to pay off debts to creditor nations.
5. The country's infrastructure is sadly lacking.
6. Inflation is 20% per year.
7. Rich tin deposits have been discovered in the uplands.

On the basis of these observations write up your recommendations for increasing economic growth. (15 points) (sample answer)

- [1. Land reform. Until the people own the majority of the land there will be no incentive to work hard.
2. Diversify. Sisal can not be permitted to be the sole export. Tin deposits have been discovered. Develop the deposits in order to have two major exports.
3. Broaden the consumer base by joining a common market. With only two million people, and many of them poor, it would be difficult for local industry to develop.
4. Use increased foreign exchange from tin exports to develop infrastructure. Build the highways, railroads, and power stations that are needed.
5. Stop inflation.]

CHAPTER ELEVEN

THE POLITICAL ENVIRONMENT

CHAPTER OVERVIEW

Chapter Eleven discusses political instability and its effect on economic growth. Following several general examples of political instability, the chapter identifies four kinds of civil unrest—racial, political, tribal, and religious. Each is discussed as it has appeared in developing nations. Next, the chapter seeks explanations for the attitudes held by leaders in developing countries toward foreigners. Colonial background and nationalism contribute greatly to these attitudes. Finally, the effect of political instability on domestic economic activity and foreign investment is examined. It is pointed out that while some nations are quite stable, most are troubled in ways similar to those once experienced by the United States.

INSTRUCTIONAL OBJECTIVES

Having read Chapter Eleven, students should be able

1. to define:
 - political instability
 - military coup
 - civil war
 - secession
2. to explain, both in general terms *and* with at least one concrete example, how each of the following can hurt political stability and economic growth:
 - racial conflict
 - tribal conflict
 - political divisions
 - religious conflict

TEACHING STRATEGIES

The first section introduces political instability as a factor of economic development. After reading about the imaginary U.S. dictatorship, have students discuss the economic consequences if the U.S. federal government were to topple. Assuming that the structure of the economy remained basically the same, what in the short run would you expect to happen to foreign investment in the U.S.; to private investment within the U.S.; to purchase of government bonds; to industrial productivity?

After reading the second section, "Civil Strife," students could be given individual report topics to investigate. Numerous countries, beside those discussed in the text, are challenged by intergroup problems. Possible report areas in the mid-70's would include:

Racial: South Africa, England

Tribal: Nigeria, Angola

Political: Portugal, Argentina

Religious: N. Ireland, Lebanon, U.S.S.R.

No doubt students could find other areas that are currently faced with difficulties. Reports should devote some time to discussing the economic consequences of the civil strife in the given country. Classes weak in research skills should be briefed in the use of the Readers' Guide and other research aids you may have in the school and community libraries. Also, people's personal libraries often contain volumes that may be helpful in preparing research projects.

"Attitudes Toward Foreigners" presents a ripe topic for a debate. "Resolved: Expropriation and nationalization are ethical and effective ways by which a poor country can develop." Select two to four students to debate each side of the resolution. Give them at least three days to prepare. You can use a simplified debate format:

1. 3-5 minute position statements by each team.
2. 10-20 minutes of challenge questions and responses between teams.
3. Questions to teams from the class.

The class can evaluate the debaters according to criteria they should help establish. Criteria should include clarity of position and use of concrete examples to demonstrate points. Debaters should be aware of these criteria while preparing their presentations.

A discussion question that may not have presented itself: When is economic growth no longer worth the price of political stability? Would students rather live in an affluent land without civil rights and political freedom or a poorer country with these rights? Help them to answer the question by putting it in very concrete terms. Example: What would you rather have, a color T.V. set and no right to criticize the government or no T.V. set and freedom of speech? The point is that some countries have decided that the cost of economic development must be limits on freedom. Do you find this an acceptable tradeoff?

A related question that might be of interest to the students, and perhaps more immediately involving is: When is economic growth no longer worth the price of damage to the environment? Are there any circumstances when it is worth it?

ANSWERS TO TEXT QUESTIONS

Page 200

- Q1 Opinion.
- Q2 A left-wing coup is a government takeover by socialists or communists. It is usually an attempt to redistribute wealth. A right-wing coup is a takeover by people who are against change. Usually anti-socialist or anti-communist, right-wingers often try to establish an authoritarian government of a conservative nature.

Page 203

- Q1 Kenya: Racial conflict between black Kenyans and Indians.
India: Religious conflict between Muslims and Hindus.
Burundi: Tribal conflict between Hutus and Tutsis.
Sudan: Racial conflict between black southerners and Arab northerners.

Page 206

- Q1 Positive effects: Development of infrastructure, including railways, highways, hospitals, and schools. Introduction of some modern technology. Introduction of law and administrative techniques.
Negative effects: Colonists often behaved in a superior manner. Colonists put the interest of the mother country first. Colonists often exploited natural resources.
- Q2 Some countries take over foreign businesses because they feel they are economically independent as a result. They feel that foreign businesses will always put their interests ahead of those of the host nation. In other words, nationalism is the prime reason for take over.

Page 208

- Q1 Foreign investments go down because of fear that a new government will seize the assets, or for fear that conflict will prohibit a profitable operation. Worker output goes down because there is no certainty that today's efforts will be rewarded by tomorrow's government. Construction of new housing is hurt for fear that a new government might force evictions. The "brain drain" is increased. Educated workers seek secure surroundings so that their families and assets will be safe.

Page 210

- Q1 Democracy has the advantage of creating governments that have considerable public support since leaders are elected officials. Democracy also provides for peaceful transitions from one set of leaders to another. Orderly transition of power is a necessary condition for economic growth. Autocracy can bring political stability to a country at the cost of limiting freedom.

ANSWERS TO CHAPTER REVIEW

Page 212 Puzzling it out. ACROSS: 1. nationalization 8. left 9. coup 10. Thailand 11. military 12. stunt 16. Syria 19. R. T. 21. N. I. 23. expropriate 25. expectations 27. Asia. DOWN: 2. Argentina 3. instability 4. Nigeria 5. liberty 6. Zambia 7. N. A. 9. colony 13. tribal 14. bauxite 15. USSR 17. Aynek 18. Chile 20. GNP 22. Iran 24. Spa.

Page 213 Responding to The Fly In the Ointment. Students can agree or disagree with The Fly. This is a writing exercise where the substance of what is written will vary. Answers should be to the point and could be written in either poetry or prose.

CHAPTER TEST AND ANSWERS

Part One. Matching. Place the letter of the civil conflict type next to each nation that has been bothered by that difficulty. (10 points)

- A. Racial conflict C. Political conflict
B. Tribal conflict D. Religious conflict

[A] Sudan

[A] Indonesia

[D] India

[D] Northern Ireland

[A] Zanzibar

[C] Syria

[C] Philippines

[A] Kenya

[B] Burundi

[B] Uganda

Part Two. Short Answer. Answer questions below. (10 points)

1. Explain nationalization and expropriation.

[Nationalization means to takeover a foreign-owned business and to pay the owner for at least part of what the business is worth. Expropriation means to takeover such a business without compensating the owners.]

2. How might nationalization and expropriation hurt the economic growth of a developing country?

[It can hurt in several ways. First, foreigners will not invest in a country that seizes foreign businesses. This hurts the developing countries economic growth. Second, without outside help it is often difficult for the developing country to run the new business efficiently and profitably. Third, the developing country may find it difficult to sell its products in industrial countries it has abused.]

3. What benefits did colonialism bring to colonized nations?

[Benefits included:

1. Building infrastructure facilities, like railways, airports, harbors, hospitals and schools.
2. Providing an understanding of law and administration.
3. In some cases, providing an outside language that has enabled the new country to communicate more easily.

CHAPTER TWELVE

THE SOCIAL ENVIRONMENT

CHAPTER OVERVIEW

Chapter Twelve examines some of the social and religious values that influence economic growth. After an initial discussion of the Puritan work ethic, certain values which work against economic development are cited. These include reverence for the sacred cow in India, hiring according to religious affiliation in Lebanon, attitudes toward work in Tahiti, lack of equality for women in Saudi Arabia, human “carabao” in the Philippines, the “politics of grandeur” in Zaire, the “dash” in Nigeria, and others. The chapter concludes with an explanation of why bribery is a special problem in some of the developing nations, and a reminder that political corruption has been a part of United States history too, from time to time.

INSTRUCTIONAL OBJECTIVES

Having read Chapter Twelve, students should be able:

1. to define:
Puritan or work ethic
value system
“human carabao”
the “politics of grandeur”
dash
2. to explain how the following factors and beliefs have interfered with economic growth in a specific country:
dash
second-class citizenship for women
sacred cow
“human carabao”
“politics of grandeur”
3. to list the advantages and disadvantages of the Puritan or work ethic for American economic growth
4. to distinguish between value judgments and facts

TEACHING STRATEGIES

Your class might be interested in conducting a survey of local attitudes toward developing countries. The task has several steps and done carefully, is a good exercise for developing disciplined thinking.

Step One: Decide upon an objective. What is it that you want to survey? Do you want to know attitudes in your school or community about different qualities of the work ethic? Do you want to discover commonly held beliefs about developing nations? Do you want to find out what people think should be the criteria for giving a poor nation foreign aid? Whose attitudes do you want: Male, female, young, old, white, black, latino? Are you limiting the survey to the school, to the community, to a broader geographic area?

Step Two: Having established your objective, design your questionnaire. It should consist of two parts. Part One is Respondent Information. If you want a breakdown by sex, or race, or age, or income, or education level it is necessary to get that information. In deciding what to include, the class should consider what information is too personal, what is unnecessary. Part Two is Questions. The questions should be in keeping with the objectives and should not be too numerous. To facilitate hand tallying, keep the number at ten or under.

Step Three: Having written the respondent I.D. items and the survey questions, the next step is to administer the survey. You may want to role play a few "interviews." Students should introduce themselves politely and ask if the respondent has a minute or two to devote to a questionnaire. The class must decide how many questionnaires to administer and where. If your universe (total group from which you want to sample) is the school, decide what locations would be good for getting a representative cross-section of the school population. If your universe is your town or school district, what street corners would be representative? Set aside a day or two at least, for instructions for administering the survey.

Step Four: Having conducted the survey, you must tally the responses. You will probably want to reproduce tally sheets for each of the respondent items you wish to tally. For example, you might need individual tallies for black, white, male, female, under 20, 20 to 39, 40 to 65, etc. Students are simply paired into tally teams and given one respondent category to tally. For instance, John and Valerie are asked to tally for sex. John reads, Valerie makes tally marks. Picking up a questionnaire, John first reads "Male." Valerie turns to her "Male tally sheet" and records the responses to each of the questions.

Step Five: Following the tally, and the creation of a Master Copy for which raw scores and percentages have been computed (get student to help), students then analyze the results. The questions you create to guide them should test their ability to read the grid, permit them to reflect on the results, and try to interpret them.

ANSWERS TO TEXT QUESTIONS

Page 218

- Q1 The Puritan ethic holds that hard work and thrift are morally right, that idleness is wrong. The advantages are that tasks get completed, and that people often acquire greater skill. This benefits the economy. The chief disadvantage is that work becomes an end in itself, and not enough time is given to relaxation and contemplation.

Page 219

- Q1 Because the cow is sacred, and can neither be badgered nor butchered, it interrupts activities, consumes produce, and cannot be utilized as a food source.
- Q2 His or her religion. By agreement, jobs in Lebanon must be distributed equitably among Christian and Muslim sects.

Page 221

- Q1 In traditional Saudi quarters, women are not permitted to work, to drive cars, to attend school, or to appear in public unless fully veiled. This hurts the Saudi economy because it effectively removes one half the population from the out-of-home economy.
- Q2 "Human carabao" is a person in the Philippines who supports members of the extended family who cannot find jobs. It slows down economic growth by holding back energetic, ambitious workers who, in order to provide for their families, must pass up opportunities for advanced training.
- Q3 Such considerations include: Job saturation; race, sex, or age discrimination; depressed economy; over-training for available jobs.

Page 223

- Q1 Money that could be spent on capital development or education is not. Also, some people may lose their incentive to work for the national good if they see their money being spent on nonessential items.
- Q2 Some citizens are impressed by big palaces and big cars. It adds to their national pride and adds to their feeling of patriotism. At least this is the rationale used by many of their political leaders.

Page 226

- Q1 A "dash" is a bribe or tip in Nigeria. This can result in higher prices, poor performance, inefficiency, public resentment, and political unrest.
- Q2 Many government jobs in developing countries are low paid. A "tip" is needed to make ends meet. Eliminating it might involve offering a living wage and then engaging in a crack-down against all offenders. No doubt more easily said than done, since customs are very hard to change.

ANSWERS TO CHAPTER REVIEW

Page 227 Analyzing Statements

1. Fact
2. Value Judgment
3. Fact
4. Fact
5. Value Judgment
6. Value Judgment

CHAPTER TEST AND ANSWERS

Part One. Multiple Choice. Underline the best answer. (8 points)

1. All of the following mean about the same thing *except*:
a. [carabao] c. dash e. payoff
b. mordida d. bribe
2. All of the following are characteristics of the Puritan ethic *except*:
a. hard work c. thrift e. progress
b. [high wages] d. efficiency
3. In Saudi Arabia, probably the most suppressed group is:
a. Americans c. blacks e. [women]
b. Muslims d. Europeans
4. The animal believed to be most sacred by Hindus is the:
a. [cow] c. water buffalo e. cobra
b. horse d. elephant

Part Two. Fact-Value. Label each of the statements below either "Fact" or "Value." (10 points)

1. Lack of equal treatment of women can lead to slower economic growth. [Fact]
2. The "mordida" is bad. [Value]
3. Religious beliefs sometimes influence family planning. [Fact]
4. The "politics of grandeur" have been practiced in Zaire. [Fact]
5. The "politics of grandeur" can be harmful to a nation's economy. [Fact]

Part Three. Short Answer. Answer each of the questions below. (7 points)

1. How does the Puritan ethic contribute to economic growth?
[With its emphasis on hard work, thrift, efficiency, and progress, the Puritan ethic promotes maximum effort. When everyone is working hard, the economy grows.]
2. What is "human carabao" and how does it limit economic growth?
[Human carabao is a Philippine term for an individual who supports members of his extended family. It works against national economic growth because this industrious person has no time to seek advanced training.]

CHAPTER THIRTEEN

ECONOMIC PLANNING

CHAPTER OVERVIEW

Chapter Thirteen concentrates on two major decisions that must be faced in planning a nation's economic development. The first decision involves selecting the system, or mix of systems, on which the economy will rest. Should it be centrally-planned, capitalist, or mixed? The second decision involves choosing priorities. In budgeting for development, how will money be allocated? How much for schools, for agriculture, for industry? The chapter concludes with a discussion of the importance of cooperation and planning flexibility.

INSTRUCTIONAL OBJECTIVES

Having read Chapter Thirteen, students should be able:

1. to define:
economic planning
spending priorities
opportunity cost
2. to explain how economic decisions are made under communism and under capitalism
3. to list at least three principles of good economic planning

TEACHING STRATEGIES

After students have read the first section, "What is Economic Planning," you can develop their sensitivity to planning problems with a discussion of how a drop in the U.S. birth rate and an increase in world oil prices have affected various businesses and institutions. Have students consider the following:

1. Given that the birth rate in the United States has dropped off in recent years, what effect could this have on planning in:
 - a. the toy industry
 - b. teacher training
 - c. the social security program (consider fewer young wage earners making social security payments to longer living senior citizens)
 - d. home building
 - e. the diaper business
2. Given the increase in the cost of oil, what effect could this have on planning in:

- a. the tourist industry (motels, resorts)
- b. urban transit systems
- c. the automobile industry
- d. the oil shipping businesses of Onassis, Pey, and Goulandris.
(See *Newsweek*, 7/28/75)
- e. the coal industry

In each of the instances above, have students make plans as if they were key decision makers for the business or agency. This would lend itself nicely to group work with two or three students making plans for each industry/agency. Ideally, they could re-search the problem using the Readers' Guide to Periodical Literature as their vehicle. Groups could write-up or present their reports orally. Listeners could raise questions.

After reading the sub-section "Comparing Planning Processes," pp. 237-238, discuss additional ways democratic governments can influence mixed economies. Ask what government actions would help to bring about these results:

1. increase in housing starts (lower interest rates)
2. check on inflation (higher taxes, price ceilings, wage ceilings)
3. boost in automobile sales (raise tariff on imported cars, give auto companies tax breaks)
4. increase in domestic oil searches (tax breaks, subsidiaries)
5. increase in minority employment (set hiring quotas for federal agencies and companies receiving federal contracts)

Give students a world map test using all countries mentioned so far in the text narrative. This could be a paper and pencil test using transparencies of the different continents and showing political boundaries but no names. It could also be done "Spelldown" fashion with students divided into two teams with each team standing on either side of the room. You give the name of a country. The first student has to state the continent it is in, its location in the continent (east, west, central, northwest, etc.), and an adjacent country. If a student misses, he/she sits down. The last student and team standing wins.

ANSWERS TO TEXT QUESTIONS

Page 233

- Q1 a. Elementary school enrollment will decline sharply. Less need for teachers and facilities. b. May well have a positive influence on industrial growth. With fewer children to take care of, women can enter the labor force. There will also be fewer people to share GNP and per capita GNP should increase. c. Fewer pediatricians will be needed *or* doctor to child ratio will improve greatly. d. With fewer children, living units are smaller.

Page 235

- Q1 Opinion. At some point country Y is going to have to break out of the poverty cycle. The cost is high, but capital investment must be made in agriculture. A crash program in family planning might lessen the human suffering. Malnutrition will have to be tolerated in the short run.

Page 238

- Q1 a. The problems of planning in a centrally-planned economy are: (1) it is difficult for a group of planners to consider every detail; (2) there is less incentive to be efficient because effort does not always mean reward.
- b. The chief problem of planning in a mixed economy is that the government can not force quick economic changes that may seem desirable.

Page 241

- Q1 Examples. Workers who don't share in wage agreements are apt to strike or work inefficiently. Bankers who have no say in setting interest rates, will be angry and might withhold loans to force rates up. Corporation executives who have no say in establishing tariff rates may not support the government in power.

ANSWERS TO CHAPTER REVIEW

Page 242 Planning for Growth

1. 600 mile railroad. Those benefiting would include:
 - a. Bankers who could help finance the construction and reap profit from interest on loans.
 - b. Steel manufacturers who make the steel rails and the trains
 - c. Real estate salespeople who buy land along the railroad right-of-way and sell later to farmers and town-builders.
2. Large dam on Big River. Those benefiting would include:
 - a. Drivers who would be hired to move earth and equipment.
 - b. Fertilizer manufacturers who will find new customers for land improvement.
 - c. Teachers who will have new employment opportunities.
3. Medicare program for elderly. Those benefiting would include:
 - a. Doctors who are guaranteed more clients since the government is paying the bill.
 - b. Perhaps the butchers' union since elderly people will be in better health and have extra money to spend on food items.
4. Oil pipeline. Those benefiting would include:
 - a. Oil company shareholders who will profit from relatively inexpensive shipment costs.
 - b. Drivers who will be pleased with lower gas and oil costs.
 - c. Steel manufacturers that make the pipe.

CHAPTER TEST AND ANSWERS

Part One. Short Answer. Write a brief explanation of each of the following two items. (8 points)

1. Opportunity cost:
[Both people and countries are faced with spending choices. You can't buy everything. When you buy item A, part of the cost is that you sacrifice the benefits of having item B. This is the opportunity cost.]
2. Spending priorities:
[Establishing spending priorities means placing needs in a kind of rank order. High priority items will be purchased first. Low priority items will be bought last. Deciding on priorities is at the heart of budget making and economic planning.]

Part Two. List four ways a government in a capitalist system can influence economic decisions by businesses and private individuals. (8 points)

- [1. By raising taxes a government can cut down on consumer spending which should lower prices.
2. By lowering tariff rates a government can stimulate consumer spending.
3. By raising tariff rates a government can protect domestic manufacturers and perhaps ease unemployment.
4. A government can raise interest rates to reduce buying and check inflation.]

Part Three. Essay. Write an essay in which you discuss the advantages and disadvantages of both centrally-planned economic systems and mixed systems. (9 points)

[Central planning has the advantage of being able to act quickly and directly on the economy. If a cutback is desired in a certain consumer item, an order goes out to lower the quota. Central planning also has the advantage of coordinating different sectors of the economy. The chief disadvantages of central planning are (1) that it is difficult to manage centrally all the many details, (2) that in a non-profit system workers don't have the incentive to implement the central authority's plans (3) there is less freedom of choice among workers.

Governments of mixed systems have the advantage that businesses work on a profit basis and have a vested interest in high production and efficiency. Also, because the indirect controls imposed by government are made by duly elected officials, their actions are responsive to the people. The chief disadvantage of this system is that government actions are not as quick and effective as a situation might call for.]

CHAPTER FOURTEEN

PRIVATE AID

CHAPTER OVERVIEW

Chapter Fourteen discusses three sources of private aid to developing countries. The first of these is private business. It makes contributions by producing goods, providing jobs, training workers, introducing new technology, paying taxes, providing foreign exchange, and improving local housing, education and medical facilities. However, because of profit limitations, political insecurity, and red tape, this kind of investment has not been great enough. The chapter discusses ways private business investment can be increased. The other two sources of private aid to developing countries are private foundations like Ford and Rockefeller, and charitable organizations like the Foster Parents Plan and Protestant and Roman Catholic Missionary groups. These, too, play vital roles in the developing world.

INSTRUCTIONAL OBJECTIVES

Having read Chapter Fourteen, students should be able:

1. to define:
direct investment nonprofit organization
multinational corporation foundation
2. to explain how private business can help economic growth in the developing countries
3. to name three nonprofit organizations and describe the contributions each is making to developing countries

TEACHING STRATEGIES

In the section "Contributions to Growth" there is a brief discussion of jobs and income. An interesting phenomenon to examine with students is how an increase in salaried jobs stimulates the economy. When outside money is pumped into an economy, as may happen when a foreign business hires local workers, the benefit is greater than the salaries paid the workers. A multiplier effect occurs. These workers use their salaries to purchase goods and services from local grocers, dentists, bicycle shops, etc. The merchants and professionals in turn spend the money elsewhere. Thus, salaries paid by foreign companies have a development power far greater than their face value. You might end this discussion by asking if the simple printing of additional money will

produce the same effect. Why not print new money, use it to build a factory, and train and pay new workers? Won't this provide industrial growth and produce a multiplier effect?

Much attention has been given recently to the multinationals, some of it quite critical. After reading the section "Not Enough Investment" give students topics to research regarding the multinational business enterprises. Topics to investigate can spring from recent articles catalogued in the *Reader's Guide to Periodical Literature*. In most classes it would be advisable for the teacher to consult the *Guide* first, in order to provide students with some direction. Articles on the multinationals are listed under several headings. These are: CORPORATIONS, International; UNITED NATIONS, Commission on Multinational Corporations; UNITED STATES, Congress, Senate, Foreign Relations Committee on.

In 1975, Bill Moyer's Journal did a program for public television on the multinationals called "Global Giants." A transcript of this program may still be available for \$1.00 by writing Bill Moyer's Journal, Channel 13, Box 345, N.Y., N.Y. 10019.

When discussing charitable organizations (last section) ask students to volunteer to report on the overseas giving programs of their religious groups. Or have lay members of a church's budget or overseas mission committee in to speak. How does the congregation decide whom to support. Are efforts made to evaluate the effectiveness of the support?

ANSWERS TO TEXT QUESTIONS

Page 246

- Q1 The oil industry. Probably because the risks of doing business are outweighed by the opportunities for profit.
- Q2 The main reason is to make a profit.

Page 249

- Q1 Contributions can be made in the areas of providing goods, jobs, work training, technology, foreign exchange, social welfare facilities, and taxes.
- Q2 Such a business might produce for export a consumer item that is not needed or cannot be afforded in the host country; it might hire only unskilled workers and offer little training and low pay; it might receive tax breaks from the government; it might make no contributions to the public welfare of the country.

Page 251

- Q1 Three main reasons provide much of the explanation why investment is limited in developing countries. First, profit-taking may be limited by a weak consumer base in the

country or by high taxes; second, political instability makes all investments risky; third, red tape cuts down efficiency and increases frustration.

Page 253

- Q1 By offering a five-year tax exemption, Taiwan hopes to attract foreign business to the island. What is lost in tax revenues is gained back in the availability of consumer items, employment, training, technology, and the pumping of foreign exchange thereby giving a boost to the Taiwan economy.
- Q2 The sale of "revolution insurance" has at least two benefits for the American government. One, it encourages investment in resources like oil that are much needed by the United States. Two, the presence of American business overseas, if it conducts itself properly, might be of political advantage to the American government. Developing countries hosting American companies might be more willing to cooperate.

Page 254

- Q1 Opinion. The advantages of concentrating on training are that it provides more relief in the end. Direct relief is consumed immediately. A person with advanced technical knowledge will be able to provide continuing help to his countrymen, and they in turn will pass on their new knowledge and skills to even-increasing numbers of people. So, the benefits multiply geometrically.

Page 256

- Q1 Possible problems to consider would be: 1. Once you commit yourselves to support you must come through. Who will pick up the tab for students who default in their monthly payments? Will there be a penalty? 2. What happens at the end of the school year? Will another class continue next year? Who carries the payments over summer vacation?

ANSWERS TO CHAPTER REVIEW

Page 257 Responding to the Fly in the Ointment. The biased sentences are:

1. "Some moneygrubbers are not content to take profits from their own country."
2. "They weasel their way into unsuspecting poor countries saying they are the key to economic advancement."
3. "They don't even look down their noses long enough to see the misery around them."
4. "However, most do, especially the 'oily' ones."

CHAPTER TEST AND ANSWERS

Part One. Emotional words. Underline expressions in this paragraph that appeal to the emotion rather than the mind. (10 points)

No one can challenge the unselfish contributions made by private business to the developing nations. To the midst of squalor they have brought produce. To the curse of idleness they have brought employment. To the empty pockets of bankrupt governments they have brought taxes. To the tired domestic currencies they have added crisp dollars and pounds. To silence the primitive rattlings of handheld tools, private business has brought the hum of the computer and the whir of the turbine.

Part Two. List the contributions to the economic growth of developing countries that have been made by some foreign businesses. (10 points)

1. Production of needed consumer goods
2. Provision of jobs
3. Training for semi-skilled and skilled jobs
4. Introduction of new technology
5. Payment of taxes
6. Foreign exchange
7. Social welfare facilities and services

Part Three. Short Answer. Write a brief explanation of each of the following terms. (10 points)

1. "revolution insurance"
[Insurance provided by a government to encourage investment in a politically unstable country.]
2. direct investment
[Investments that result in actual ownership of a particular facility or business.]
3. multinational corporation
[A company that does business in several countries around the world.]

CHAPTER FIFTEEN

PUBLIC AID

CHAPTER OVERVIEW

Chapter Fifteen discusses multilateral and bilateral public aid to developing countries. On the multilateral front, attention is given to the World Bank, its adjunct the International Development Association, and the United Nations. With regard to aid from individual nations, focus is on the United States. The following questions are asked and answered: What types of foreign aid does the United States give? How much aid is given? Who receives this aid? Finally, the United States contribution as a percentage of GNP is discussed. The United States is well below the aid target established by the U.N.

INSTRUCTIONAL OBJECTIVES

Having read Chapter Fifteen, students should be able

1. to define:
 - public aid
 - multilateral aid
 - bilateral aid
 - foreign aid
 - soft loan
 - Marshall Plan
2. to explain, using an original, concrete example, how the World Bank helps capital to move from the private citizen in a rich country to a borrower in a developing country
3. to present a case, using relevant facts and figures, for increasing American aid to developing countries
4. to list two multinational development agencies

TEACHING STRATEGIES

Students can explore why U.S. foreign aid has fallen in recent years. You might suggest that they check the *Congressional Record* (or other sources) to find out how their senators and representatives voted on foreign aid appropriations for the current year. Some students might want to pursue this further and query their senators and representatives on the reasons they voted as they did.

Another approach would be to have students do a survey of community attitudes toward foreign aid. (See Chapter Twelve

Teaching Strategies.) Besides querying fellow students or parents, your students might look into attitudes of specific community groups, e.g., the local newspaper, patriotic groups such as the D.A.R., the chamber of commerce, labor unions, veterans' groups, League of Women Voters, etc. If possible, you might arrange for a speaker from one of these groups to come to your class for a presentation. Students should probably spend a class period or more in preparation for such an event, for example, writing up questions for the speaker and doing background research on why a group might take a particular stand.

Able students might want to debate the question of foreign aid. (See Chapter Six Teaching Strategies for a suggested format for such a debate.) Here is a list of possible debate questions. With less able students or if time is a factor, you might just want to use these questions to stimulate class discussion.

Should U.S. aid be increased or decreased?

Should U.S. aid be multilateral or bilateral?

Should U.S. give aid to countries with authoritarian but pro-American governments (e.g., Haiti)?

Should U.S. give aid to countries with anti-American foreign policies in the hope of changing such policies?

Should U.S. parcel out its aid so that *all* developing countries get something or should the U.S. divide the aid among a selected few? If just a few, which countries? The largest in terms of population (e.g., Brazil, India, Nigeria)? Those who use the aid most efficiently? Other selection methods?

Should U.S. put restrictions on the way aid should be used by the country receiving it? For example, should foreigners be required to spend their loans and grants in the United States in order to help American business and labor? (Students might be interested in the fact that other donor countries have wrestled with this question. Canadian Prime Minister Pierre Trudeau, for example, has said, ". . . It is widely held that tied aid diminishes the real value of development assistance by increasing costs. Yet an element of tying, with the immediate benefit it implies for Canadian production, may be an important factor in assuring wide domestic support for the aid programme.")

Should U.S. aid be given to communist countries (e.g., Yugoslavia)?

A very fruitful topic for students to explore for extra credit would be the United Nations Special Session on Development and International Economic Cooperation, which was held in the autumn of 1975. Students might obtain copies from the UN offices of the speeches made by delegates from both rich and poor nations and analyze the different attitudes and approaches toward aid in a written or oral report to the class.

ANSWERS TO TEXT QUESTIONS

Page 262

- Q1 Bilateral aid is assistance given by a single country acting independently from other countries. Multilateral aid is assistance given by two or more countries acting together.
- Q2 Part of Sally Brown's teaching salary goes into the State Teachers' retirement fund. The fund invests it in World Bank bonds at 8.5% interest. The World Bank in turn lends the money to a development bank in India which in turn lends it to a farmer who wants to buy a tractor.

Page 263

- Q1 Soft loans are low interest, long term loans. They are made by IDA in the hopes of stimulating economic development in countries too poor to repay standard loans. They are made in the interest of human betterment and political stability.

Page 266

- Q1 UN Children's Fund (UNICEF): WHO (World Health Organization): Food and Agriculture Organization (FAO): UN Educational, Scientific, and Cultural Organization (UNESCO): UN Industrial Development Organization (UNIDO)

Page 272

- Q1 Loan and grant aid for economic development; technical assistance; military aid; food; contributions to multilateral organizations like the World Bank; miscellaneous aid, particularly humanitarian emergency relief.
- Q2 The United Nations has set aid goal figures for the rich nations. These are (a) that .7% of GNP should be given developing countries by rich country governments and (b) that .3% of GNP should be invested in developing countries by a rich nation's private businesses. In 1973 the United States government gave only .25% of the nation's GNP to developing countries. Added to the investment contribution made by American business, the United States still only gave about .6% of GNP. This left it .4% short. In terms of dollars, the United States' 1973 contribution should have been 12.9 billion. It was, in fact, only 7.5 billion dollars.

Page 273

- Q1 OECD stands for the Organization for Economic Cooperation and Development. It is a group of 24 rich nations that cooperate in matters of economic development, environment, education, energy, and so forth. DAC stands for the Development Advisory Committee. It includes 17 of the OECD members and coordinates all of the economic aid given developing countries by OECD. In 1973 DAC coun-

tries accounted for 84% of all aid received by developing nations.

- Q2 The United States provides .6% of its GNP to developing countries. The United States ranks 14th among the 17 DAC countries in terms of percent of GNP provided to poor countries.

ANSWERS TO CHAPTER REVIEW

Page 274 Categorizing Arguments. For: 3, 5, 6, 10. Against: 1, 7, 9. Irrelevant: 2, 4, 8.

CHAPTER TEST AND ANSWERS

Part One. Definition. Define the terms below. (10 points)

1. Multilateral aid:
[Grants, loans, and produce provided jointly by several nations.]
2. Soft loan:
[Low interest, long term loans provided to developing countries.]
3. Public aid:
[Assistance provided by governments, not private business or charities.]
4. Bilateral aid:
[Grants, loans, and produce provided by one country.]

Part Two. Use a concrete example to show how the World Bank helps the savings of an American worker end up in the hands of a shopowner in a developing country. (10 points)

[See answer to Q2, Page 262.]

Part Three. Essay. Write a paragraph which (1) states the level of United States foreign aid to developing countries and which (2) uses United Nations quota figures to argue for an increase. (10 points)

[See answer to Q2, Page 272.]

CHAPTER SIXTEEN

THE PROBLEMS OF SUCCESSFUL GROWTH

CHAPTER OVERVIEW

The focus of Chapter Sixteen is twofold: the effect of economic growth on (1) social relationships and (2) the environment. In the rich countries the latter problem has attracted much attention. Technology is being developed to handle pollution and solid wastes. Consumers are already paying for the cost of environmental protection through the higher cost of consumer items. In the poor countries environmental threats pose an even greater dilemma. Given widespread poverty, where will the money and resources come from to deal with the added burden of protecting the environment, and protecting the people from undesirable secondary effects of growth? The establishment of the UN Environmental Council is one hopeful sign in an otherwise unhopeful picture.

INSTRUCTIONAL OBJECTIVES

Having read Chapter Sixteen, students should be able:

1. to define:
pollution
ecology
solid waste
2. to give concrete examples of negative environmental consequences resulting from economic growth in the rich countries and in the poor countries.
3. to discuss the underlying cause and possible solution to such problems
4. to give examples of how economic growth can affect social values

TEACHING STRATEGIES

Role-playing Case Study. Perhaps the greatest brake on environmental clean-up and protection is the dollar and cents cost. Below is a role play situation designed to help students appreciate the very real problems involved.

Case #1: Dilemma in Saltville

Setting: A few years ago in Saltville, Virginia the Olin Corporation decided to close down a chemical plant because it could not meet the state of Virginia's pure water requirements. Virginia's Water

Control Board has strict limits on the discharge of chemicals into streams and rivers. Olin said that it was impossible to run its plant profitably if it had to install expensive anti-pollution equipment. When the Water Control Board refused to budge, Olin said it would have to close down, putting 600 Saltville people out of work.

Role Play Participants:

Mrs. Sally Reel, Water Control Board director of enforcement

Mr. John Gary, Manager, Olin's Saltville plant

Mr. Barry Punzak, worker spokesman

Role Play Suggestions: Given at least one day to prepare arguments, place these three individuals around a table in the middle of the room. Give each a negotiation objective: Mrs. Reel, to keep Olin in Saltville, but only if it conforms to the water requirements; Mr. Gary, to keep Olin in Saltville without meeting costly water requirements; Mr. Punzak, to keep Olin in Saltville by any means necessary. Give the threesome about ten minutes to see if they can arrive at a mutually acceptable compromise. Afterwards, let the class give their solutions.

ANSWER TO TEXT QUESTIONS

Page 282

- Q1 Three serious environmental problems in rich countries are air pollution, water pollution, and the disposal of solid wastes.
- Q2 The underlying cause of all three is population increase combined with economic growth. The solution to the problem can be found in three areas; technology, politics, and economics. First, technology must be developed to reduce pollutants. Second, politicians must assign environmental problems a high priority. Third, consumers must be willing to pay environmental taxes or higher product prices caused by industrial anti-pollution costs.

Page 285

- Q1 Egypt has experienced some environmental problems as a result of building the Aswan High Dam. Silt which for centuries has been carried downriver to enrich the delta is now being blocked. Also, the water backed-up behind the dam is producing snails that spread the disease schistosomiasis.
- Q2 Solving problems like this places a greater strain on developing countries because of severely limited resources. There are so many pressing needs that environmental problems are often considered to be of secondary importance.

Page 285

- Q1 With four billion people on the earth and with productivity

ever increasing, the environment is under stress. The activities of one country effect many countries. Air pollution rides the winds. Water pollution is carried by the rivers and the oceans. Resources extracted in one country diminish the world supply. Because carelessness by a few nations can make it uncomfortable for everyone else, cooperation among all nations is essential.

Page 289

- Q1 The tourist industry gave jobs to women, providing them with some economic and social independence. This disturbed old patterns where the husband was the unquestioned boss. When independent wife meets unbending husband, divorce may be a possibility.
- Q2 a. Economic growth results in an increasingly urban society. People soon discover the advantages of smaller family size. Women average two children and are freer to enter the work force. To the role of mother are added the roles of economic provider and community leader. b. The effect of economic growth on attitudes towards the elderly is mixed. Economic growth with its urban apartment house living has made it less comfortable for grandparents to live with the nuclear family. Coupled with social security and medicare, this has caused many elderly people to live apart from family. In some cases this is the result of negative attitudes among society's younger people. In other cases it is the result of positive attitudes.

ANSWERS TO CHAPTER REVIEW

Page 290 Making Decisions

1. What will be the cost of the reservoirs?
2. Are there other ways to solve the overflow problem?
3. What are the other needs of the city?
4. What is the cost of meeting these needs?
5. Which of the city's needs are most pressing?

Page 291 Projecting Ahead

1. Early marriages would probably become less frequent. Hausa girls would not want to interrupt their schooling.
2. Arranged marriage would give way as women become more independent and involved with young men outside the family circle of friends.
3. It could be expected that young wives who have been active in schooling and the outside world would be reluctant to accept purdah.
4. Over the long run, female college enrollments would rise.
5. Women would begin to enter the professions.

6. As Hausa women gain experience in the world of affairs, it is likely they will acquire a political consciousness. The right to vote would follow.

CHAPTER TEST AND ANSWERS

Part One. Definitions. Define each term below. (10 points)

1. ecology
[the science of the relationship between plants, animals and the surrounding environment]
2. environment
[the world around one; the surroundings]
3. solid waste
[consumer leftovers that have to be disposed of]
4. "Spaceship Earth"
[the idea that the earth is not a limitless collection of resources, but a confined space with resources that need to be shared by plants, animals, and people]
5. pollution
[impure materials in the air, water, and on the land]

Part Two. Relationships. Identify the relationship between each of the following pairs. (15 points)

1. Industrial growth and more women in the work force
[Industrialism has caused many people to move to cities. Parents have discovered the desirability of fewer children. With fewer children to care for, mothers find it easier to move into the work force. Also, women are seeking a new independence. Employment is an expression of this.]
2. The Aswan High Dam and schistosomiasis
[The Aswan Dam has greatly increased irrigated land in Egypt. A moisture-loving snail that carries schistosomiasis thrives under these conditions. Thus, the dam has caused a serious disease to flourish.]
3. Economic growth and the required purchase of anti-pollution equipment on a new car.
[The automobile industry plays a major role in the economies of many industrialized countries. The large number of cars produced has been the main reason many cities have air pollution problems. The car industry is therefore the victim of its own success. To continue this growth, laws require that anti-pollution devices be added.]

CHAPTER SEVENTEEN

THE END AND THE BEGINNING

CHAPTER OVERVIEW

Chapter Seventeen opens with brief review of those developing nations that are achieving the UN target growth rate of 6%. These include Iran and Brazil. The chapter then quickly reminds us that most developing nations are not growing at this rate. In fact, 70% of the developing nations' people live in countries that have per capita GNP's under \$200 and low growth rates. The keys to economic improvement are repeated: population slows down, political stability grows, and rich nations offer their cooperation. The chapter concludes on the note that for the sake of humanity, and for their own self-interest and preservation, the rich nations must do more.

INSTRUCTIONAL OBJECTIVES

Having read Chapter Seventeen, students should be able:

1. to identify at least four developing countries that had a growth rate of more than 5 percent in the 1960's
2. to state the approximate number of countries that had less than 200 dollars per capita GNP in 1970 and the approximate percentage of the world's population they represented
3. to identify and discuss at least three major problems facing the developing countries in the years ahead
4. to state what percentage of GNP the United Nations would like each rich country to contribute each year in the 1970's to poor countries and to discuss how well the United States has been meeting this goal
5. to explain why it is in the self-interest of the United States, Canada, and other rich countries to help poor countries.

TEACHING STRATEGIES

There are statistics in the section entitled "The Other Side of the Picture" that could be reinforced by having students convert them to a pie diagram. The statistics refer to economic growth rate of developing countries during the 1960's and are as follows: 9% of the developing world's population lived in countries that had per capita GNP's of over \$500 and which together had a 6.2% economic growth rate (round off to 10%); 20% of the developing world's population lived in countries that had per capita GNP's

of \$200–500 and which together had a 5.4% economic rate; 70% of the developing world’s population lived in countries that had per capita GNP’s of under \$200 and which together had a 3.9% economic growth rate. Ask students to construct a pie diagram that includes a section for each of these three groups of countries.

This being the last chapter, a review of the key ideas in the book would be in order. The goal should be to elicit these key ideas from the class. To do so you might try the following: With books closed, have students brainstorm vocabulary terms that appeared in the instructional objectives. List these on the board. This list could include fifty or more terms. Then, using these as conceptual triggers, have each student write down what he/she thinks are ten important ideas contained in the text. This could be done in groups if you prefer. Before the next session, two or three students could be invited to write their ten ideas on the board. Unclear ideas could be discussed. Ideas could also be ranked for importance. They could also be grouped under various headings such as “analytical terms defined”, “problems”, and “solutions”.

Having reviewed main ideas, it would be good to critique the book. You might consider using an Activity Comparison approach. That is, give students a list of about ten activities, each requiring an investment of ten hours of time. Include reading THE DEVELOPING WORLD as one of the activities. Using “importance to me” as their criterion, have students place the activities in rank order. After ranking has been completed, ask students to explain why this text was ranked higher or lower than other activities.

Activities for ranking might include:

- 10 hours of volunteer service
- 10 hours of work at \$2.50/hour
- 10 hours of my favorite physical activity
- 10 hours of music or art study
- 10 hours of worship
- 10 hours of political activity

ANSWERS TO TEXT QUESTIONS

Page 296

- Q1 These countries are “success stories” because their annual rate of economic growth is close to or above the 6% target figure established by the United Nations. Examples of the accomplishments include Iran bringing women into economic life and Brazil increasing industrial production, building low-income housing, and controlling inflation.

Page 297

- Q1 It is misleading because average (or mean) growth rate

covers up two important facts. One, most of the developing world's people (70%) live in countries that are below 5% growth figure. Two, even within countries at or above the 5% mark, there is great inequality of distribution so that in a country like Mexico the richest 10% of the people receive nearly 50% of the national income.

Page 298

Q1 Unless the population levels off, no economic improvements can be made for the majority of people in the world. Population growth will outstrip economic growth. As Robert McNamara says, population will be checked one way or another. The danger is that war or famine will be the way.

Page 300

Q1 Many leaders who have ruled since a country's independence have been able to bind tribes, religions, and political factions together by the weight of their accomplishments and charisma. These individuals have become synonymous with the nation. When they die, a vacuum will be created. The problem is to fill that vacuum without bloodshed or economic turmoil.

Page 302

Q1 Poverty is the cause of discontent. It also is the cause of illiteracy and ignorance. All of these forces would make it very hard for democracy to survive. Democracy depends upon an informed electorate. It also depends upon the forbearance and peacefulness of those who may be momentarily out of power.

Page 303

Q1 No nation is capable of meeting all its needs with its own resources. Cooperation is essential to survival.

Page 304

Q1 The UN would like rich countries to provide 1% of their GNP to developing countries.
The U.S. is not meeting this goal.

ANSWERS TO CHAPTER REVIEW

Page 306 Making Inferences.

General Statement One:

1. Incorrect. The 6.2% figure is an *average* of several countries. Mexico's growth rate is a separate figure.
2. Incorrect. Per capita GNP is an average figure for all people in the country. Some are undoubtedly worse off than before. Also, without knowing the 1960 per capita GNP figure it is impossible even to know if the average person was better off in 1970.

General Statement Two:

1. Incorrect. We only know about the 3.9% growth rate for 43 countries. Niger may be more or less.
2. Correct.
3. Incorrect. Since the 3.9% is an average figure for 43 nations, it is possible that some were over 5%.

CHAPTER TEST AND ANSWERS

Multiple Choice. Circle the number of the best answer to each of the ten multiple choice questions below. (30 points)

1. Each of these countries had at least a 5% economic growth rate in the 1960's *except*:
Brazil [Haiti] Singapore Iran
2. As of 1970 about how many countries had a per capita GNP of less than 200 dollars?
None Five Ten [Forty]
3. All of the following are serious problems for developing countries *except*:
Unemployment rate [Declining birth rate]
Lack of foreign exchange Illiteracy
4. The United Nations wants each rich nation to contribute at least what percent of its annual GNP to poor nations?
[1%] 3% 5% 10%
5. The United States would probably benefit from increasing its foreign aid in all these ways *except*:
Increased sales to developing countries.
Increased political influence with developing countries.
[Improved relations with communist powers.]
Improved image around the world.
6. Each of these are developing nations *except*:
Kenya [Japan] India China
7. The population of the world in 1975 was about
4,000,000,000,000 40,000,000
400,000,000 [4,000,000,000]
8. Each of the following are rich industrial nations *except*:
Canada Australia [Bolivia] Norway
9. Country X has a GNP double that of Country Z. This means that
Country X has a higher standard of living than Z
Country X has a better health care than Z
Country X has a more democratic form of government than Z
[None of the above]
10. THE DEVELOPING WORLD is a book mostly about
history [economics] ecology literature

THE DEVELOPING WORLD

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